



TO: MEMBERS OF THE NYS CONFERENCE OF LOCAL MENTAL HYGIENE DIRECTORS
FROM: DEBBIE HOLLAND, DIRECTOR OF GOVERNMENTAL RELATIONS
DATE: APRIL 21, 2017
SUBJECT: SFY 2017-18 ENACTED BUDGET ANALYSIS

General Overview of the Enacted Budget

The Legislature passed the State Budget on April 9, one week after the start of the State Fiscal Year. The 2017-18 Enacted Budget includes an All Funds spending plan of \$153.1 billion (not including federal Superstorm Sandy Aid and Affordable Care Act funding), an increase of 4.1 percent over last year. The Enacted Budget gives new authority to the Governor and the Division of Budget to develop a plan to implement uniform spending reductions if federal funding support is reduced by \$850 million or more. This plan would take effect automatically unless the legislature rejects the Governor's plan and passes their own plan within 90 days.

OPWDD, OMH and OASAS Workforce Salary Increases

The Enacted Budget includes new salary increases for OPWDD, OMH and OASAS workers.

- Beginning January 1, 2018, OPWDD, OMH and OASAS direct care workers will receive a 3.25 percent salary increase.
- Beginning April 1, 2018, OPWDD, OMH and OASAS direct care workers will receive an additional 3.25 percent salary increase and clinical care workers will receive a 3.25 percent wage increase.
- These increases will total \$55 million in new funding for the OPWDD, OMH and OASAS workforce.
- This funding is in addition to the funding included in the Enacted Budget to help offset the cost of the increase in the minimum wage.
- The Conference was one of 11 other statewide and regional behavioral health organizations that came together to successfully advocate for this long overdue workforce pay hike.

Health Homes Serving Adults

The Enacted Budget includes a cut of \$40 million (All Funds) for Health Homes serving adults beginning October 1, 2017. This reduction will fully annualize in 2018-19 to a cut of \$80 million (All Funds).

- This cut will reduce the rate for outreach and engagement from \$135 per member per month to \$100, limit outreach from three to two months and require face to face contact within the second month and eliminate cycles of outreach.
- Over the two years, \$60 million of this funding will be reinvesting into the Health Home program. DOH is interesting in bringing in peers to increase engagement and enrollment in Health Homes.

State Psychiatric Center Downsizing and Community Reinvestment

The Enacted Budget accepts the Executive proposal to reinvest \$5.5 million (fully annualized to \$11 million) in new funding into the community due to the closure of 100 state psychiatric beds.

- This funding proposal represents a reinvestment of \$110,000 into the community for every inpatient bed that is closed.
- Reinvestments would be made prior to any bed closures, and before any reduction in bed capacity is implemented a bed must be vacant for 90 days.
- When fully implemented, this would bring the total amount of reinvestment funding committed since SFY 2014-15 to \$92 million annually.
- While there are no planned closures of state psychiatric centers in 2017-18, the Enacted Budget does include the planned merger of Western New York Children's Hospital with the Buffalo Psychiatric Center.

Medicaid Investment for Behavior Health Initiatives

The Enacted Budget accepts the Executive proposal to reduce the annualized behavioral health Medicaid investment from \$95 million to \$85 million for just one year, due to a delay in the implementation of the six new behavioral health services for children under State Plan Medicaid.

- The 2014-15 Enacted Budget included an investment of \$115 million (All Funds) in Medicaid funding, for the following behavioral health initiatives: managed care start-up grants; integration of behavioral and physical health; Health Home Plus; OASAS residential restructuring, HARP home and community based services (HCBS); and Vital Access Provider (VAP) Program to preserve critical access to behavioral health services around the state.
- The 2016-17 Enacted Budget reduced this behavioral health investment from \$115 million to \$95 million.

Children's Behavioral Health Services

The Enacted Budget includes \$10 million in new funding for children's behavioral health providers to support the preservation, restructuring or expansion of children's behavioral health services. This funding is part of the OMH budget.

\$110 Million HARP Premium Reinvestment

Due to a reduction in the New York City HARP premiums, **the Enacted Budget accepts the Executive recommendation to reinvest \$110 million from HARP savings into the behavioral health care delivery system.** This funding will be allocated as follows:

- \$25 million to support 20 new ACT teams targeted for high-risk populations including the homeless. OMH would develop 15 new ACT teams (for a total of 1,020 slots) in New York City and develop five new Act teams (for a total of 240-340 slots) in the rest of the state.
- \$25 million to combat the heroin and opioid epidemic. This funding would be in addition to the \$30 million increase under the OASAS budget.
- \$60 million (over three years) to provide VBP readiness grants to behavioral health community provider networks.

State Takeover of Medicaid Local Share Growth

The Enacted Budget rejects the Executive proposal to reduce State Medicaid cost sharing to New York City by \$50 million and continues the state’s commitment to cover the full cost of any growth in non-federal Medicaid expenditures for all social services districts.

Second Statewide Health Care Facility Transformation Program

The Enacted Budget accepts with modifications the Executive proposal of \$500 million in capital funding to create a second round of the Statewide Health Care Facility Transformation Program.

- The program will provide funding to support capital projects, debt retirement, working capital and other non-capital projects that facilitate health care transformation and preserve or expand access to essential health care services to **eligible applicants, as determined by the DOH Commissioner.**
- **A minimum of \$75 million (15 percent of the total funding) will be allocated to community-based health care providers.** These providers are defined as D&TCs, Art 31 and Art 32 OMH and OASAS clinics, primary care providers and home care providers.
- The DOH Commissioner is authorized to award up to \$300 million of the funding for this program to the project applicants who did not receive funding under the 2016-17 Health Care Facility Transformation Program.

Extension of Medicaid APG Government Rates

The Enacted Budget accepts the Executive proposal to extend the Medicaid managed care ambulatory patient group (APG) rates for OMH and OASAS licensed clinical services and Child Health Plus behavioral health clinical services from June 30, 2018 to March 31, 2020.

- The APG rates will also be expanded to apply to all non-clinical behavioral health services except for inpatient services.
- This extension is tied to providers meeting certain Value Based Payment (VBP) benchmarks.
- The Commissioners of DOH, OMH and OASAS may waive such VBP requirements if a sufficient number of providers suffer a financial hardship as a consequence of these VBP arrangements or if it is determined by the Commissioners that the VBP arrangements significantly threaten individuals' access to behavioral health services.

Supportive and Affordable Housing

The Enacted Budget accepts the Executive proposal of \$2.5 million in funding to advance the creation and preservation of 100,000 affordable housing units and 6,000 supportive housing units and does away with the need for an MOU. This is part of the Governor’s commitment from last year to invest a total of \$20 billion over the next five years in the creation and preservation of affordable and supportive housing to combat homelessness. Some of this housing will be created for people with behavioral health issues.

Health Care Regulation Modernization Team

The Enacted Budget rejects the Executive proposal to establish a Health Care Regulation Modernization Team.

Medicaid Pharmacy - Prescriber Prevails

The Enacted Budget rejects the Executive proposal to eliminate prescriber prevails provisions in both Medicaid fee-for-service and Medicaid Managed Care.

Medicaid Pharmacy - Prior Authorization of Refills of Controlled Substances

The Enacted Budget accepts the Executive proposal to require prior authorization of any refill of a controlled substance when more than a 7-day supply of the previously dispensed amount remains.

Medicaid Pharmacy – Opioid Prescribing

The Enacted Budget modifies the Executive proposal to establish inappropriate prescribing of opioids as an unacceptable practice in the Medicaid program, to include due process protections for providers.

- The Enacted Budget makes it an unacceptable practice in the Medicaid program to prescribe opioids in violation of applicable laws or contrary to recommendations issued by the Drug Utilization Review Board, including violations of the following: the prior authorization requirement for opioid prescriptions in excess of four per month, the prior authorization requirement for refills when more than a seven-day supply should remain, and any other law restricting prescribing of opioids.
- Prescribers guilty of an unacceptable practice can be excluded from the Medicaid program.

Cross-Agency Items

Deferment of the Human Services Cost of Living Adjustment (COLA)

The Enacted Budget modifies the Executive proposal to defer the human services Cost-of-Living Adjustment (COLA).

- The Enacted Budget includes a deferral of the statutory human services COLA until 2019 for OMH, OPWDD, and OASAS and instead provides a 3.25 percent salary increase for the direct care workforce beginning January 1, 2018.
- The statutorily required COLA is based upon the consumer Price Index (CPI) and would have been 0.8 percent for this year.

Minimum Wage Increase

The Enacted Budget accepts the Executive proposal of a total of \$284.6 million in state share funding to support direct provider costs associated with the increase in the minimum wage, including \$255.4 million in DOH, \$14.9 million in OPWDD, \$4.6 million in OASAS, \$3.5 million in OMH and \$6.2 million in the State Education Department.

- The 2016-17 Enacted Budget included a minimum wage increase from \$9 to \$15 an hour statewide which will be phased-in and fully implemented in New York City by December 31, 2018 and for the rest of the state by July 1, 2021.

Other Items of Interest

Raising the Age of Adult Criminal Responsibility to 18

The Enacted Budget accepts with modifications the Executive proposal to raise the age of adult criminal responsibility to 18.

- The measure will be phased in over time, by raising the age from 16 to 17 beginning on October 1, 2018, and subsequently raising the age of criminal responsibility to 18 on October 1, 2019.

- Offenders younger than 18 will be prohibited from being confined in adult prisons or jails and will be incarcerated in special juvenile detention facilities.
- Under the new law, cases involving 16 and 17 year-old defendants will be adjudicated as follows:
 - Civil violation charges, such as open container violations and possession of small amounts of marijuana, as well as misdemeanors under the Vehicle and Traffic Law, such as DWIs, will continue to be handled in the local court;
 - All misdemeanor charges under the Penal Law will be handled in Family Court;
 - All felony charges will begin in a newly established Youth Part of the criminal court, presided over by a Family Court judge, where offenders will have access to additional intervention services and programming;
 - Non-violent felony charges will be transferred to Family Court, unless the district attorney makes a motion and demonstrates extraordinary circumstances that justify retaining the case in the Youth Part of the criminal court;
 - Violent felony charges will remain in the Youth Part of the criminal court and be subject to a three-part test that weighs the seriousness of the offense to determine whether the case will be eligible for presumptive removal to Family Court;
 - Juvenile cases not eligible for removal will be treated as adults for sentencing purposes, though the court will be directed to consider the defendant's age when imposing a sentence of incarceration.

Indigent Legal Services

The Enacted Budget includes a six year plan to increase the state's investment in public defense legal services for the indigent.

- Over the next six years the state will gradually increase its investment in improving the quality of public defense services according to a plan developed by the Office of Indigent Legal Services.
- The plan will ensure defendants have counsel at arraignment, establish new caseload standards so that attorneys can devote sufficient time and attention to each case, and ensure that attorneys receive effective training and have the necessary qualifications and experience.
- When fully implemented in 2023, the state's investment will increase funding to counties and New York City through the Office of Indigent Legal Services by approximately \$250 million annually.

Voluntary Foster Care Agencies and Managed Care

The Enacted Budget accepts with modifications the Executive proposal to require Foster Care Agencies to obtain a license in order to contract with Medicaid Managed Care organizations.

- As part of Medicaid Redesign, all Foster Care children placed with Voluntary Foster Care Agencies are intended to transition into Managed Care from the current fee-for-service model in January 2019.
- Managed Care plans can only enter into contracts with organizations licensed to provide health-related services. However, the Department of Health (DOH) does not license Voluntary Foster Care Agencies as health care providers. Absent this licensure, Voluntary Foster Care Agencies will not be able to contract with Managed Care plans for health-related services after Foster Care children transition to Managed Care plans in January of 2019.
- To resolve this issue, the Enacted Budget requires that any Voluntary Foster Care Agency providing certain health-related services must obtain a license issued by DOH in conjunction with OCFS.

Justice Center for the Protection of People with Special Needs

The Enacted Budget accepts the Executive proposal of \$54.5 million (All Funds) appropriation for the Justice Center, no change from 2016-17. The Executive Budget recommends support for 441 Full Time Equivalents (FTEs) employees, no change from last year.

Agency-Specific Budgets

Below are brief summaries of the appropriations and any agency-specific Article VII proposals for OASAS, OMH, and OPWDD.

Office of Alcoholism and Substance Abuse Services (OASAS)

OASAS ALL FUNDS APPROPRIATIONS:

	Executive Proposed	Enacted	Difference
State Operations	\$121,162,000	\$121,162,000	\$0
Aid to Localities	\$504,177,000	\$507,548,000	\$3,371,000
Capital	\$68,000,000	\$78,000,000	\$10,000,000
TOTAL	\$693,339,000	\$706,710,000	\$13,371,000

OASAS Workforce Salary Increase

The Enacted Budget includes \$921,000 in new funding to provide a 3.25 percent salary increase to OASAS direct care workers, beginning January 1, 2018.

The Enacted Budget includes the following Legislative additions:

- \$2 million for hiring additional Substance Abuse Prevention and Intervention Specialists (SAPIS) in NYC
- \$175,00 for the NYS Alliance of Boys and Girls
- \$100,000 for the Thomas Hope Foundation
- \$100,000 for the Save the Michaels of World
- \$50,000 for the National Committee for the Furtherance of Jewish Education
- \$25,000 for the Camelot of Staten Island

Capital Projects

The Enacted Budget includes \$10 million in new capital funding to support residential bed and opioid treatment program development.

Combat Heroin/Opioid Abuse Initiatives

The Enacted Budget accepts the Executive proposal of a total of nearly \$200 million, an increase of \$30 million from last year, to address the heroin and opiate epidemic. These funds would continue to support prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness and education activities.

Specifically, the funding would enable OASAS to implement the following initiatives:

- **Residential Treatment Beds** - Fund 80 new residential beds run by not-for-profit providers
- **Opioid Treatment Program Slots** - Authorize 600 additional Opioid Treatment Program (OTP) slots
- **Community Coalitions** - Fund 10 new community coalitions to allow cross-sector collaboration on the prevention and treatment of SUDs
- **Family Support Navigators** - Fund another 10 Family Support Navigator Programs, for a total of 20 programs statewide (two in each Regional Economic Development Council)
- **On-Call Peers** - Fund another 10 Peer Engagement Programs, for a total of 20 programs statewide (two in each Regional Economic Development Council)
- **Adolescent Clubhouses** - Fund 8 new Adolescent Clubhouses, for a total of 15 statewide, including five in NYC, two in the Mohawk Valley and one in each of the Regional Economic Development Councils
- **Recovery Community and Outreach Centers** - Fund five new Recovery Community and Outreach Centers, for a total of 14 centers statewide
- **24/7 Urgent Access Centers** - Establish 10 24/7 crisis treatment centers around the state to provide individuals with access to SUD services immediately

Commercial Gaming Fund

The Enacted Budget accepts the Executive proposal to establish a commercial gaming fund with an appropriation of \$3.3 million to allow OASAS to receive revenue from commercial gaming activities. This funding could be used for problem gambling services and/or any other OASAS services if approved by the Director of the Budget.

OASAS-related Article VII Budget Bill Proposals:

Creation of Recovery High Schools

The Enacted Budget rejects the Executive proposal to authorize BOCES to establish two recovery high schools.

Office of Mental Health

OMH ALL FUNDS APPROPRIATIONS:

	Executive Proposed	Enacted	Difference
State Operations	\$2,281,712,000	\$2,283,857,000	\$2,145,000
Aid to Localities	\$1,458,260,000	\$1,465,123,000	\$6,863,000
Capital	\$374,472,000	\$384,472,000	\$10,000,000
TOTAL	\$4,114,444,000	\$4,133,452,000	\$19,008,000

OMH Workforce Salary Increase

The Enacted Budget includes \$1,703,000 in new funding to provide a 3.25 percent salary increase to OMH direct care workers, beginning January 1, 2018.

The Enacted Budget includes the following Legislative additions:

- \$400,000 for Crisis intervention Teams
- \$400,000 for FarmNet
- \$250,000 for children’s prevention and awareness initiatives
- \$200,000 for Comunilife
- \$175,000 for South Fork Mental Health Initiative
- \$100,000 for MHANYS
- \$100,000 for North Country Behavioral Healthcare Network
- \$50,000 for Global Trauma Research
- \$45,000 for Mental Health Association of Genesee and Orleans County
- \$3,090,000 for Joseph P. Dwyer Veteran Peer to Peer Program in accordance with the following sub-schedule:
 - \$185,000 for Broome County
 - \$185,000 for Chautauqua County
 - \$185,000 for Dutchess County
 - \$185,000 for Erie County
 - \$185,000 for Jefferson County
 - \$185,000 for Monroe County
 - \$185,000 for Nassau County
 - \$185,000 for Niagara County
 - \$185,000 for Onondaga County
 - \$185,000 for Orange County
 - \$185,000 for Putnam County
 - \$145,000 for Rensselaer County
 - \$185,00 for Rockland County
 - \$185,000 for Saratoga County
 - \$185,000 for Suffolk County
 - \$185,000 for Westchester County
 - \$170,000 for University at Albany School of Social Welfare
- \$1 million for expansion of crisis intervention services and diversion programs
- \$200,000 for Comunilife, Inc. – Latina Suicide Prevention

Fund 280 New Supported Housing Community Beds

The Enacted Budget accepts the Executive proposal to close 140 state operated residential beds and invest \$4.6 million to open 280 new community-based, scattered site supported housing beds in the same geographical areas.

Enhance Support for Existing Residential Programs

The Enacted Budget accepts the Executive proposal of \$10 million in new funding to preserve access and enhance support for existing supported housing and single residence occupancy (CR-SRO and SP-SRO) programs. The funding will mainly be used to increase rental stipends. Specifically, it will provide a \$750/year increase for downstate CR-SRO and SP-SRP programs, a \$650/year increase for upstate CR-SRO and SP-SRO programs and a \$500/year increase to the Supported Housing rate for New York City, Long Island, Westchester, Rockland, and Putnam counties.

Redesign Service Dollars Administration

The Enacted Budget accepts Executive proposal to standardize the oversight and monitoring of Service Dollars to ensure that funds are used consistently with OMH guidelines. Service Dollars are for emergency and non-emergency client needs and are to be used as payment of last resort. OMH anticipates a state savings of \$3 million from the redesign of Service Dollars Administration.

OMH State-Operated Outpatient Clinics Reductions

The Enacted Budget accepts the OMH proposal to review clinic treatment services at all 85 state-operated facilities. Reductions will be targeted to low-performing facilities and remaining resources will be redirected to nearby clinics with higher productivity and capacity. OMH anticipates a state savings of \$4 million from the reorganization of state-operated clinics.

Revamp Hutchings Children and Youth Services

The Enacted Budget accepts the Executive proposal to revamp Hutchings Children and Youth Services by authorizing the facility to partner with an Article 28 hospital to deliver existing OMH services, expand current bed capacity and improve the coordination and delivery of services. The state is in preliminary discussions with SUNY Upstate. OMH is anticipating a state savings of \$934,000 from this proposal.

Residential Treatment Facility (RTF) Pilot Projects

The Enacted Budget accepts the Executive proposal to include up to \$5 million in funding for RTF transformation pilots.

OMH-related Article VII Budget Bill Proposals:

Jail-Based Restoration to Competency Programs

The Enacted Budget rejects the Executive proposal to authorize counties to voluntarily establish restoration to competency programs in a local jail and provides a net restoration of \$1.3 million.

Office for People with Developmental Disabilities

OPWDD ALL FUNDS APPROPRIATIONS:

	Executive Proposed	Enacted	Difference
State Operations	\$2,148,560,000	\$2,149,400,000	\$840,000
Aid to Localities	\$2,260,280,000	\$2,272,796,000	\$12,516,000
Capital	\$86,000,000	\$86,000,000	\$0
TOTAL	\$4,494,840,000	\$4,508,196,000	\$13,356,000

OPWDD Workforce Salary Increase

The Enacted Budget includes \$11,250,000 in new funding to provide a 3.25 percent salary increase to OPWDD direct care workers, beginning January 1, 2018.

The Enacted Budget includes the following Legislative additions:

- \$300,000 for HASC Center
- \$200,000 for Special Olympics New York
- \$200,000 for Women’s League Community Residences
- \$100,000 for Best Buddies International
- \$100,000 for Bonim Lamokom

- \$100,000 for Syracuse University
- \$86,000 for St. Dominics Home
- \$55,000 for Developmental Disabilities Alliance of Western New York
- \$50,000 for Otsar Family Services
- \$50,000 for Jawonio
- \$25,000 for Life's Worc

State Operations

The Enacted Budget includes \$840,000 in new funding to support the expansion of community-based pilot programs for State employees.

OPWDD Service Expansion

The Enacted Budget accepts the Executive proposal of \$120 million (All Funds) in funding to support new service opportunities for individuals currently living at home or in residential schools as they transition to adult services in the OPWDD system. These resources would support expanded services throughout OPWDD's continuum of care, including certified and non-certified residential opportunities, day programs, employment, case management, and respite services.

START Program

The Enacted Budget accepts the Executive proposal of \$12 million in new funding to expand START (Systemic Therapeutic Assessment, Respite and Treatment) Programs in the downstate area. START is a crisis and prevention response model that was implemented by OPWDD in 2014.

Transition of Individuals to the Community

The Enacted Budget accepts the Executive proposal to continue the state's commitment of providing \$24 million in funding to transition individuals from developmental centers (56 individuals) and intermediate care facilities (100 individuals) to more integrated community-based settings. The Executive anticipates the closure of Bernard Fineson Developmental Center by March 31, 2017.

OPWDD Transition to Managed Care

The OPWDD system will transition to managed care in phases, beginning with the development of regional Care Coordination Organizations (CCOs), an enhanced care coordination model, before a transition to a fully capitated rate structure. Beginning in late 2017, CCOs are expected to begin operations and will be rolled out on a regional basis. Enrollment on a voluntary basis in managed care is expected in 2019, and the transition to managed care is planned to be completed within five years. Medicaid Global Cap resources would be used to support the initial start-up costs of transitioning the OPWDD service delivery system from a fee-for-service payment structure to managed care.

Institute for Basic Research on Developmental Disabilities

The Enacted budget accepts the Executive proposal to establish a blue ribbon panel to examine the feasibility of transitioning the Institute for Basic Research on Developmental Disabilities from OPWDD to the CUNY College of Staten Island.