Submitted

Joint Legislative Public Hearing on 2012-2013 Executive Budget Proposals
Mental Hygiene
February 14, 2012

Good Morning. My name is Lauri Cole and I am the Executive Director of the New York State Council for Community Behavioral Healthcare. I want to thank you for this opportunity to present our testimony regarding the Governor's 2012-2013 SOMH and OASAS Executive Budget Proposals for the State Office of Mental Health (SOMH) and the Office of Alcoholism and Substance Abuse Services (OASAS).

Introduction

Over the past two years there have many significant changes to the behavioral health continuum of care here in New York. These include implementation of APGs, SOMH Clinic Reform, and the implementation of Health Homes. As you know, both systems of care (OASAS and SOMH) are moving rapidly towards adoption of a new care management model in which provider-led networks take more responsibility for the provision of a broad range of services for recipients to include their medical and behavioral health needs. In the face of these changes, our members have re-doubled their efforts to streamline services, reduce expenses and increase productivity. We believe the implementation of Health Homes across the state will relieve some of the pressures on the current system including increased positive health outcomes for recipients of services.

Recommendation: Support Proposals to Consolidate / Merge State Hospital Assets and Better Integrate Community-based Services

The NYS Council stands behind the Governor's proposals to consolidate/merge certain OMH in-patient wards/facilities. Furthermore, we thank him for his affirmation of the State's commitment to allow for co-location of community-based behavioral health, substance abuse and/or developmentally disabled individuals. For too long, individuals living in state hospitals have come to see these institutions as permanent homes rather than service intensive transitional environments. In these instances, overreliance has led to a dynamic of dependence and learned helplessness. There is a strong body of evidence to support the executive budget's increased emphasis on assisting persons with disabilities to lead productive lives in local communities rather than in institutions. These proposals send the right message regarding the possibility of recovery, the cost-effective value of community-based services and the hope of recovery for all New Yorkers challenged by a behavioral health condition.

The NYS Council supports proposals in the OMH budget to privatize some of services assigned to SOMH as result of its' legal requirements to comply with SOMTA (Sex Offender Management and Treatment Act). We thank Commissioner Hogan and the State Office of Mental Health for prioritizing some funds for Information Technology (IT) enhancement grants for mental health providers to support capacity development for transition to a managed care environment. As

you know, we have been fighting for years to secure allocations of state and federal resources to assist behavioral health providers with IT investments. Our sector has been left out of the vast majority of HEAL initiatives funding IT initiatives to date.

The NYS Council supports other Executive Budget proposals including those that would reinvest OMH state savings in mobile rehabilitation and crisis teams, a training program to help primary care physicians improve early identification of children with behavioral health needs, and an SOMH initiative to address the critical needs of individuals experiencing their first schizophrenic "break" or acute episode. We also support Executive Budget proposals for OASAS to use administrative savings to fund 25 new veteran's beds and 12 new residential treatment opportunities for women with children.

Recommendation: Reinvestment in Essential Services and Vital Access Providers

In order for New York to realize all of the benefits associated with improved outcomes for individuals with serious mental illness and/or substance use disorders and reduced growth in costs through a reduction in unnecessary institutional care, we will require a strong and well-functioning community based system of care and supports. Reinvestment in substance use and mental health programs and services are essential if we are to turn the tide and correct the flaws in our system. Building a better model requires investments in care coordination; in access to affordable housing; in health information exchange; and in other services and supports. For these reasons, the NYS Council urges lawmakers to work with us to create a community reinvestment fund that is composed of savings associated with the implementation of BHOs and Health Homes and the continued downsizing of the state hospital system. As state hospital wards and nursing home beds are closed, savings must be returned and reinvested to fund community-based alternatives. Elements central to this process include transparency and accountability of the flow of dollars. Savings should be tracked from closure to community as this process is implemented.

Parallel investments should be prioritized. For example, where inpatient reductions in children's programs are made, savings should be returned to the children's community-based system of care. It should be noted that the implementation of Health Homes and BHOs will not cure the fiscal woes of some clinics across the state that are opting to close their programs or to be assumed by another agency. In local communities where these clinics/agencies are opting out, we anticipate significant issues related to access to care unless reinvestment dollars are pumped back into the community-based system.

We recommend reinvesting resources in a variety of clinical and non-clinical programs and services including: 1) crisis housing and treatment services, 2) diversion programs to prevent admission and re-admission to costly inpatient facilities, and 3) programs and services that provide a step-down or transition upon discharge from an inpatient facility; and, 4) investment in children's outpatient clinics to guarantee the continued availability of low cost, high quality public mental health care for kids.

Finally, Non-Medicaid savings in State and local systems serving patients/consumers with behavioral health needs also should be tracked and accounted for as savings generated by Behavioral Health reform. These systems with potential savings include criminal and juvenile justice, homeless services, cash assistance/benefits, Special Education, and child welfare, among others.

Recommendation: Proceed with Caution Transitioning Behavioral Health Clients to a Managed Service Delivery System

Last year, The NYS Council along with our colleagues from across the behavioral health community advocated for a proposal to allow providers the time they needed to transform their services and prepare for implementation of a more aggressively managed service delivery environment. In the meantime, the advance of mandatory Medicaid managed care enrollment into previously exempt populations is underway in New York State. As our care delivery system moves closer to the day when access to care and the continuation of care is aggressively managed, we urge you to focus with us on the critical objective of producing quality health outcomes, which in turn drive meaningful cost savings. It would be tragic and irresponsible to save money by simply moving behavioral health clients into managed care plans that ratchet care and reduce access to specialty services.

In the days to come as formerly exempt populations are enrolled in mandatory Medicaid managed care plans, New York State leaders must implement legislation and/or regulations that guarantee a smooth transition to managed care in a way that is minimally disruptive and does not result in cost shifts to criminal justice and other long-term care settings.

We are most concerned that the individuals we serve will be caught up in a managed care sweep without adequate guarantees of patient choice and due process rights. For this reason, we urge the members of the NYS Legislature to consider standardizing the use of plan and provider measures to include network adequacy, service penetration, and service intensity. We urge you to standardize conditions of participation and contracting provisions, so that methods of dispensing, external complaints, and coverage criteria are uniform across plans offered to Medicaid beneficiaries. Finally, we urge you to pass legislation that vests responsibility for level of care determinations with the experts that best understand the unique needs of behavioral health clients - behavioral health specialty providers.

Recommendation: Implement a state -operated Health Insurance Exchange

While the Governor's proposal to implement a state-run Health Insurance Exchange does not appear in the OASAS or SOMH executive budget proposals, implementation of the Exchange will have a significant impact on both systems of care. In 2014, with the implementation of national health reform and (with your help) implementation of a state-run Health Insurance Exchange, close to one million formerly uninsured New Yorkers will gain access to health insurance coverage - many for the first time. Approximately 500,000 of these will qualify for either Medicaid or CHIP health insurance benefits. The OASAS and SOMH systems of care already serve these individuals and the state pays the price associated with overuse of emergency and acute care facilities by individuals who can not afford basic coverage and therefore, do not get regular check ups and do not benefit from preventive care. It is essential that New York pass Health Insurance Exchange legislation during this legislative session so we

can draw down federal resources to assist us in setting up the Exchange and ultimately open the health insurance door to vulnerable New Yorkers.

Executive Compensation Proposals

One day after the release of his executive budget proposal the Governor issued an Executive Order that would cap the amount of State dollars that could be used to fund executive salaries at $199,000 annually. The proposal also sets caps for Administration and Overhead percentages.

The NYS Council believes there are many ways to achieve improvements in the cost effective delivery of Not-For-Profit services. The application of the administrative cost threshold, without appropriate consideration of other factors influencing the cost effective delivery of care may result in service delivery interruptions, access to care issues and bankruptcy/financial failure for many New York State Not-For-Profits. In many cases the providers most seriously damaged by an arbitrary assessment if administrative cost inefficiency may represent those providers who are providing the highest quality of care to the most vulnerable and needy residents of New York State.

If the primary objective of these provisions is to "weed out" those providers who cannot demonstrate concrete value for the salaries paid to their leaders, or the identification of organizations that cannot demonstrate the cost effective delivery of services and or service units costs, government must standardize the criteria for identification of these providers and future oversight initiatives should conform with already established comprehensive requirements for Not-For-Profit organizations as established by the federal government and specifically, the Internal Revenue Service.

Conclusion

On behalf of the 90 agencies that we represent across New York, the NYS Council respectfully urges the Legislature to help ensure that the not-for-profit community-based behavioral health sector remains strong and effective. This will require investments in care coordination, housing and all of the safety net services in between that enable people with substance abuse issues and severe mental illness to recover and lead productive lives. Thank you for your time. I am available to answer any questions that you may have.

About The NYS Council for Community Behavioral Healthcare
The New York State Council for Community Behavioral Healthcare is a statewide membership association composed of community based mental health and substance abuse organizations that provide a broad range of safety net services to some of New York's most vulnerable citizens. We represent the behavioral health divisions of general hospitals, freestanding organizations and counties that continue to operate direct services.
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