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***The New York State Conference of Local Mental Hygiene Directors, Inc.***

***Joint Legislative Budget Hearing on Mental Hygiene  
2015-2016 Executive Budget Proposal***

***February 27, 2015***

***Testimony Presented By:***

***Kelly A. Hansen,  
Executive Director***

Chairman DeFrancisco, Chairman Farrell, Assemblymember Gunther, Senator Ortt, and Committee Members, thank you for this opportunity to discuss some of our concerns and recommendations on the 2015-16 Executive Budget.

My name is Kelly Hansen and I am the Executive Director of the New York State Conference of Local Mental Hygiene Directors.

The Conference of Local Mental Hygiene Directors was created by Article 41 of the Mental Hygiene Law, as the voice of the 58 Directors of Community Services (County Commissioners of Mental Health) – one in each of the 57 counties and the Executive Deputy Commissioner for Mental Hygiene for the City of New York. Our members are the CEOs of the Local Governmental Unit (LGU) charged by state law with the responsibility for the planning, development, implementation, and oversight of the system of services to adults and children with mental illness, substance use disorders, and developmental disabilities who are living in local communities.

### **Community Reinvestment Resulting from Closures**

#### **Closures of OASAS Addiction Treatment Center Beds**

In 2015-16, the Executive proposes a five percent reduction in OASAS-operated addiction treatment center (ATC) beds and provides for \$1.9 million in new funding to create additional community services for persons with substance use disorders. It is critical that the LGU be fully involved in the reinvestment process. The Mental Hygiene Law requires the local Director of Community Services to annually develop and implement a local comprehensive services plan to serve county residents with mental illness, substance use disorders, and developmental disabilities. The DCSs know their communities and their expertise and input is critical in determining how any community reinvestment dollars should be spent.

There is no language in the Executive Budget which specifies how this money will be reinvested in the community, and we believe that language should be added to assure a proper role for the LGU in determining how this new funding is spent and to ensure that allocations align with the local services plan. We also recommend that the budget include language, similar to the OMH provision, specifying that funds must be invested into the community prior to any inpatient bed reductions taking place.

#### **Closures of State Psychiatric Beds**

Last year, the State Budget included \$25 million (annualized to \$44 million) to be reinvested into community-based mental health services based on the closure of 400 state psychiatric inpatient beds. The Office of Mental Health (OMH) has been working closely with the Directors of Community Services to invest this funding into priority community-based services with a regional focus to successfully transition individuals from psychiatric centers back into the community. In 2015-16, the Executive

Budget proposes to reinvest \$7.5 million (annualized to \$15 million) in savings back into the community related to the closure of 136 state psychiatric beds. The Conference is particularly pleased that the Executive Budget includes language specifying that, "...investments to improve mental health services ... (must) begin prior to the reduction in funding for inpatient beds."

The Conference supports the inclusion of this funding and the reinvestment of all savings from state psychiatric bed closures into community-based services, and we are committed to collaborating with OMH to ensure the funds are allocated consistent with the priorities identified in the local services plan. Throughout the first year of the reinvestment process, the LGUs and OMH have collaborated on the process, and we expect to continue and strengthen this partnership going forward.

### OPWDD Developmental Center Closures

The Executive Budget indicates that OPWDD expects to transition 249 individuals from state developmental centers into the community in 2015-16 and provides for \$42 million in state funding to support the creation of additional community-based services. While the Conference supports the efforts by the Executive to expand community services for OPWDD clients and agrees that individuals with developmental disabilities should be served in the least restrictive and most integrated settings, we are very concerned that individuals will be discharged from state institutions before the proper services are available in the community.

We believe the budget should include specific language requiring OPWDD to demonstrate that the necessary services and supports are available in the community prior to transitioning individuals into the community and prior to reducing funding for inpatient beds.

### **Supported Housing Increase**

Having access to safe, decent and affordable housing with supports is an essential component of recovery for many people with serious mental illness. In 1990, the Supported Housing program was created by the Office of Mental Health to increase permanent housing options for people with serious mental illness in the community by providing participants with a rental subsidy for an apartment along with housing support services. Individuals with serious mental illness obtain Supported Housing through the Single Point of Access (SPOA) system which is administered by the LGU and is intended to ensure that individuals with the highest mental health needs can access housing and services through an efficient and expedited process.

The Executive recommends an increase of \$10 million in 2015-16 for Supported Housing to increase rental subsidy amounts by \$750 in certain areas of the state facing the greatest housing costs. However, this increase does not make up for the many years that the program has been underfunded and not kept up with the rate of inflation or address the demand to serve a much more challenging population with complex mental health and physical health conditions.

The Supported Housing model was originally funded and designed to serve people who could live independently and needed minimal support services. With the implementation of the state's Olmstead plan and various Medicaid Redesign initiatives, there is a growing demand to place people in Supported Housing with very complex needs who are being discharged directly from institutional settings, such as psychiatric centers, other hospitals, nursing homes, jails and prisons. These are high-need people who are at high risk of recidivating back into the hospital or jail. As this group goes through the SPOA process, LGUs are finding that Supported Housing providers do not have sufficient funding to hire the staff necessary to serve these clients and sometimes are unable to accept them into their programs, leaving SPOAs and LGUs with insufficient options for appropriate housing placements.

The Conference is very concerned that the long-term sustainability of Supported Housing in New York is in jeopardy due to the outdated reimbursement rate which was not designed to address the complex service needs of the program's current recipients and the failure of state funding over many years to keep pace with the increasing costs of rent, staffing and overall operations.

As a result, the Conference recommends an additional funding increase of \$29 million for Supported Housing in 2015-16 and for the state to adopt a reasonable funding formula for Supported Housing going forward that reflects actual program costs and will ensure the long-term viability of the program.

### **Health Homes and the Criminal Justice System**

Recognizing a need long seen by our members, we are glad to see that the Executive Budget includes \$5 million in funding to help establish coordination between Health Homes and the criminal justice system. These funds are anticipated to be used for the integration of information between Health Homes and state and local correctional facilities. We are all aware that county correctional facilities in some cases have become a major if not the largest provider of mental health services in the county. The number of inmates with substance use disorders is also increasing.

Recognizing this, the Conference has sponsored a pilot project in Monroe County to set up data sharing capability between the County Office of Mental Health and the County jail to facilitate the engagement of individuals in jail with their Health Home providers upon reentry. The process allows for a warm hand-off to services in the community. We ask that either some part of this funding or an additional appropriation be included and designated to fund Jail-Health Home Coordination Projects at the local level. We believe that this type of coordination will yield improved outcomes for clients and savings to the localities by reducing recidivism in our local jails.

### **Criminal Justice Mental Health Services**

The Conference is supportive of the Executive Budget including \$22 million in funding to expand services for at-risk individuals while incarcerated and after leaving state prisons by providing additional in-prison assessments and treatment for high risk individuals, maintaining individuals in OMH facilities

when appropriate, and providing more aggressive community services through Assertive Community Treatment (ACT) Teams and supportive housing. Providing enhanced services to help people successfully reintegrate into the community after prison is crucial, and more diversion services are needed to prevent people with mental illness from ever becoming justice-involved.

**Child Health Plus Rate Increase**

The Conference supports the Executive Budget proposal to require that the Child Health Plus reimbursement rates for outpatient behavioral health services be equivalent to the Medicaid ambulatory patient group (APG) rates for the same services provided by OMH and OASAS clinics. These rate increases would be effective through December 31, 2016 for New York City and July 1, 2017 for the rest of the State consistent with Medicaid APG payments for these services. Currently, children’s services providers are having significant difficulty negotiating adequate reimbursement rates with insurers for outpatient mental health services under Child Health Plus and are often reimbursed well below the actual cost of providing these services.

For example, the following are reimbursement rates for a 45 minute psychotherapy visit from two county-operated mental health clinics serving children.

**COUNTY CLINIC 1**

Medicaid	\$159.00 per visit
Commercial Insurer 1:	\$45.00
Commercial Insurer 2:	\$80.00

**COUNTY CLINIC 2**

Medicaid	\$160.00
Commercial Insurer 1	\$80.00

In the past, an enhanced Medicaid payment made up the difference between the commercial insurance reimbursement and the Medicaid reimbursement, which provided fiscal stability to clinics to ensure access to services. That rate enhancement was eliminated and children’s mental health clinics are struggling to provide such services at these rates. This rate increase will ensure that children do not lose access to vital outpatient mental health clinic services due to inadequate reimbursement.

**Combat Heroin/Opioid Abuse**

The Executive Budget recommends \$5 million in new funding to address the growing heroin and opioid epidemic in communities across the state. The Executive also proposes to continue \$2.8 million in funding added by the Legislature in SFY 2014-15 to combat this crisis. On behalf of the Conference, I want to thank the Legislature for taking the lead on adding funding to the budget last year to combat the heroin and opioid crisis, and we are glad that this year the Governor is following your lead and proposing to increase that funding. We also want to thank you for passing legislation in 2014 to expand

the use of Naloxone (or Narcan) in our communities. When timely administered, Naloxone can prevent an accidental drug overdose from heroin or opioids. Everyday more lives are being saved by ensuring that families and friends of people suffering from drug addiction can be trained and have access to Naloxone.

### **Transportation Needs of People with Disabilities**

The Conference supports the Executive Budget proposal of \$750,000 in funding to authorize DOH to contract with a third party to conduct an assessment of the mobility and transportation needs of persons with disabilities or other special needs populations. After consulting with other state agencies, including DOT, OPWDD, SOFA, OMH and OASAS, the contractor would make a recommendation for the development of an Olmstead Mobility Management Pilot Program to coordinate transportation services, maximize funding and enhance community integration. We are especially concerned about the transportation needs of people with disabilities living in rural communities and hope this initiative will start to address this issue.

### **Local Governmental Unit (LGU) Administration Funding**

As you can see the Conference recognizes there are many good things about the Executive Budget, but we feel there is one area in which the Executive Budget is sorely lacking. The problem with these good initiatives which move people back into the community from state psychiatric facilities, addiction treatment centers, developmental centers, prisons and jails, is that they require county resources to plan, coordinate, and oversee. The people that make these initiatives work in the community such as SPOA coordinators, Assisted Outpatient Treatment (AOT) coordinators and their staffs, just to name a few, are all county-funded positions. LGUs are being given more and more responsibility to assure proper reintegration of high-need clients into the community, but local governments are not being given the additional resources to fund these additional responsibilities.

While some additional funding is being provided to the fund these treatment services, there is no additional funding for the locality to administer these services. In fact, during all of the recent years of financial scarcity and hard budgets, localities were told that they had to share in the cuts, and have not received an increase in LGU administration costs in over ten years. Now that those times have changed, more funds are available to the state and more work is being asked of the LGU, we believe there should be an increase in the state share of LGU administration.

I thank you for the opportunity to address you regarding the Conference's thoughts and concerns about this year's budget and can provide you with any further information or answer any questions at this time.