



Association for Community Living

**JOINT SENATE/ASSEMBLY
LEGISLATIVE HEARING ON THE 2016/2017 BUDGET
February 3, 2016**

Thank you, Senator Young and Assemblyman Farrell for this opportunity to submit testimony. We would also like to acknowledge the participation and interest of the Senate and Assembly committee members present and in particular Senate Mental Health and Developmental Disabilities Committee Chair, Senator Robert Ort, and Assembly Mental Health Chair, Assemblywoman Aileen Gunther.

The Association for Community Living represents more than 110 not-for-profit community mental health agencies that provide mental health housing and other community-based rehabilitative services. Our member agencies operate over 30,000 housing units that are funded and regulated by the New York State Office of Mental Health. Virtually all of the people living in these housing units rely on Medicaid for mental health and other health related services.

We thank Governor Cuomo, the Division of Budget, and the OMH team for this budget proposal, which would make important investments into supportive housing in the future as well as other programs that bring services to some of the most vulnerable people living in community settings. We especially applaud the commitment to the new homeless housing initiative that promises the creation of 6,000 new units of housing over the next 5 years and an additional 14,000 units in the future.

Housing is the cornerstone of a successful community behavioral health service system. Without safe and affordable housing coupled with supports, very few individuals with a serious mental illness would successfully make it long-term in the community. Over the past 30 years New York State has heavily invested in a robust community based housing system for people with mental illness that is far greater in quantity than any other mental health system in the country. These community based housing options allow us to transition people from costly state run hospitals; provide an appropriate alternative to jails, prisons, adult homes and nursing homes; and give a place to live and recover for individuals that are homeless.

However, as New York State has continued to build on capacity every year, it has not done enough to sustain the housing programs committed to in previous years. When compared to inflation, mental health housing programs have lost approximately \$92.9 million over the past 26 years. This issue is so significant, that almost all mental health advocacy groups, as witnessed by my colleagues' testimonies, have taken on housing infrastructure as a primary issue again this year.

While new development is crucial to any plan to contain Medicaid spending, the level of funding for these programs must be sufficient to cover costs. OMH Supported Housing was originally designed to serve people who needed minimal supports to remain in the community; therefore, only minimal services were funded. However, most new beds are set aside for high users of Medicaid; people coming out of long-term stays at Psychiatric Centers, prisons and jails; those actively using drugs and alcohol; the chronically homeless and the chronically institutionalized in adult homes and nursing homes. These individuals require more frequent and intensive services for behavioral as well as medical problems. OMH Supported Housing is an extraordinarily inexpensive rent stipend and service program when compared to the other alternatives. The yearly rates for Supported Housing range from \$7,731 to \$16,124 PER YEAR depending on what county of the state the bed is located. The current rates are not cost based and do not take into account the actual rents being paid and services required under our OMH contracts to assist a person in remaining in the community. We ask the legislature to pass legislation that requires the NYS-OMH to develop a formula that takes into consideration HUD-FMRs, along with a realistic services allocation when determining Supported Housing rates.

Our request for \$92.9 million would address the funding problems in OMH Supported Housing and other types of mental health housing that also have not had increases to keep pace with inflation. All of the programs types are essential to ensure differing levels of care based on a person's need. The \$92.9 million is broken down as follows:

- **Add \$23.2 million for Community Residence-Single Room Occupancy (CR-SRO) programs to make up for losses due to inflation; and so that these programs can better serve those with challenging needs.** A CR-SRO provides a high level of service and can be very long-term stay or permanent. These are large apartment buildings with studio apartments, however, they are licensed by the State Office of Mental Health, are required to meet regulatory requirements, and are subject to Justice Center oversight. These programs admit the *most disabled* in the mental health system but are forced to operate with inadequate staffing due to erosion of funding – in some cases 1 staff to 65 or more residents.
- **Add \$40 million to the Supported Housing rate *statewide* to make up for losses from inflation; and, to ensure that Supported Housing is sustained, basing future rates on a reasonable formula.** Supported Housing was originally designed to serve people who needed minimal supports to remain in the community. However, more and more new beds are set aside for high users of Medicaid; people coming out of long-term stays at Psychiatric Centers, prisons, and jails; those actively using drugs and alcohol; the chronically homeless and the chronically institutionalized [in adult homes and nursing homes]. These individuals require more frequent and intensive services for behavioral as well as medical problems. OMH Supported Housing is an extraordinarily inexpensive (*too inexpensive*) rent stipend and service program when compared to the other alternatives. The yearly rates for Supported Housing range from \$7,731 to \$16,124 PER YEAR depending on what county the bed is located.
- **Add \$17.0 million for the CR (Community Residence) program (includes both smaller CRs and Treatment Apartments) to make-up for losses from inflation and to incentivize providers to admit the most challenging clients safely.** This would have the added value of ramping up the model's efficiency in rehabilitating people more quickly; an outcome that the Managed Care

Organizations will expect when this model is moved into Managed Care. This number subtracts the estimated BIP revenue. The Licensed Community Residence Treatment Program has two parts, congregate treatment homes ranging from 8 to 48 beds, and treatment apartments for 2-3 people. They serve people with high levels of service needs, particularly people who cannot negotiate the larger community or manage their medications. There is full medication supervision in these programs for those who need it, which most do. There has been no new development of these programs in many years – in fact, some are being transformed into more independent settings (in 2008, the non-profits operated 4,683 congregate community residence beds, while in 2014 they operated 4,111). ACL is supportive of the policy to focus new development on the more independent settings, however, the higher level of service is still necessary and should be resourced at higher levels. These programs may have *one* staff person working a shift at very low pay (state reimbursement levels are less than \$14/hour). This forces providers to hire people with minimal education, and perpetuates a cycle of high staff turnover. These are jobs that need highly trained and skilled staff because they are expected to work with the most seriously psychiatrically disabled people. Maintaining competent staff is a problem nonprofit providers are facing all over NYS.

- **Add \$12.7 million to SP-SROs (permanent housing with supports) to make up for losses due to inflation; and to better equip them to serve clients with more challenging service needs.** These are also large apartment buildings with studio apartments, but are not licensed by OMH. They also are expected to admit clients with higher levels of need. These programs are some of the oldest in the state and have had fewer increases than any other program (because some of the other programs have received one time increases). They are in dire need.

We have included as an attachment a chart that shows the county by county Supported Housing shortfall for all areas of the state. We have also attached a chart that shows the erosion of all OMH housing programs due to inflation.

One of the issues the lack of increases over the years has created is the inability to pay wages that reflect the difficult and important work being performed in residential settings. As New York State explores increasing the minimum wage, any changes need to consider the impact on mental health workers. Currently OMH residential programs are reimbursed at approximately 60% over minimum wage for counselor positions. If we want to attract and retain qualified staff, the reimbursement rate needs to be maintained at 60% over the new minimum wage of \$15 per hour, with corresponding increases for the next level of staff. We ask the legislature to monitor this carefully and demand that contracts with NYS be amended as the higher minimums are phased in.

Over the past few years New York State has saved billions by successfully curbing the growth rate of Medicaid. Through DSRIP we now have the potential to reimburse savings from Medicaid into the health system to hopefully improve care and provide more cost-effective services. However, the financial benefits of DSRIP have not resulted in any significant resources going to community based organizations (CBOs). CBOs have contributed time and resources to the development of every PPS project in the state by attending meetings, helping develop the PPS projects, and offering services to assist in the success of the projects. However, in most areas of the state, the DSRIP money is not finding its way to the CBOs. If

we want a system of care that provides quality and choice, we need this to change. We ask that changes be made to the structure of the PPS projects so CBOs can receive fair compensation for work being done.

We also support our colleagues with a request for a \$90 million investment in community mental health. Even as new DSRIP and Medicaid managed care initiatives roll out, there is growing sentiment that much of the necessary funding will not be provided directly to community mental health agencies and instead will largely be filtered through much larger entities and in an uncertain timeframe. A \$90 million investment in community mental health would allow provider agencies the flexibility to use these funds to better address staff compensation, infrastructure cuts and most importantly provide funding for quality services that keep people in the community and out of hospitals, correctional settings or homelessness.

Finally, we would like to recognize the Governor's commitment to addressing the homeless issue. The \$10.4 billion homeless plan identified in the State of the State includes \$7.8 billion to support existing supportive housing programs. The remaining \$2.6 billion is targeted towards developing and supporting 6,000 new supportive housing units over the next 5 years. Unfortunately all of these units are capital construction projects and won't start to be operational for at least three years. We recommend that some of these units be scattered site supportive housing which could be developed immediately. We also recommend that any new units have services funded at rates that not only keep the programs sustainable, but give providers the resources needed to deliver quality services that help the vulnerable populations that will use these units to recover and remain in the community.

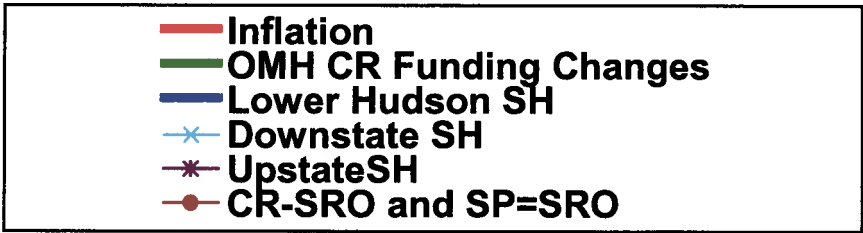
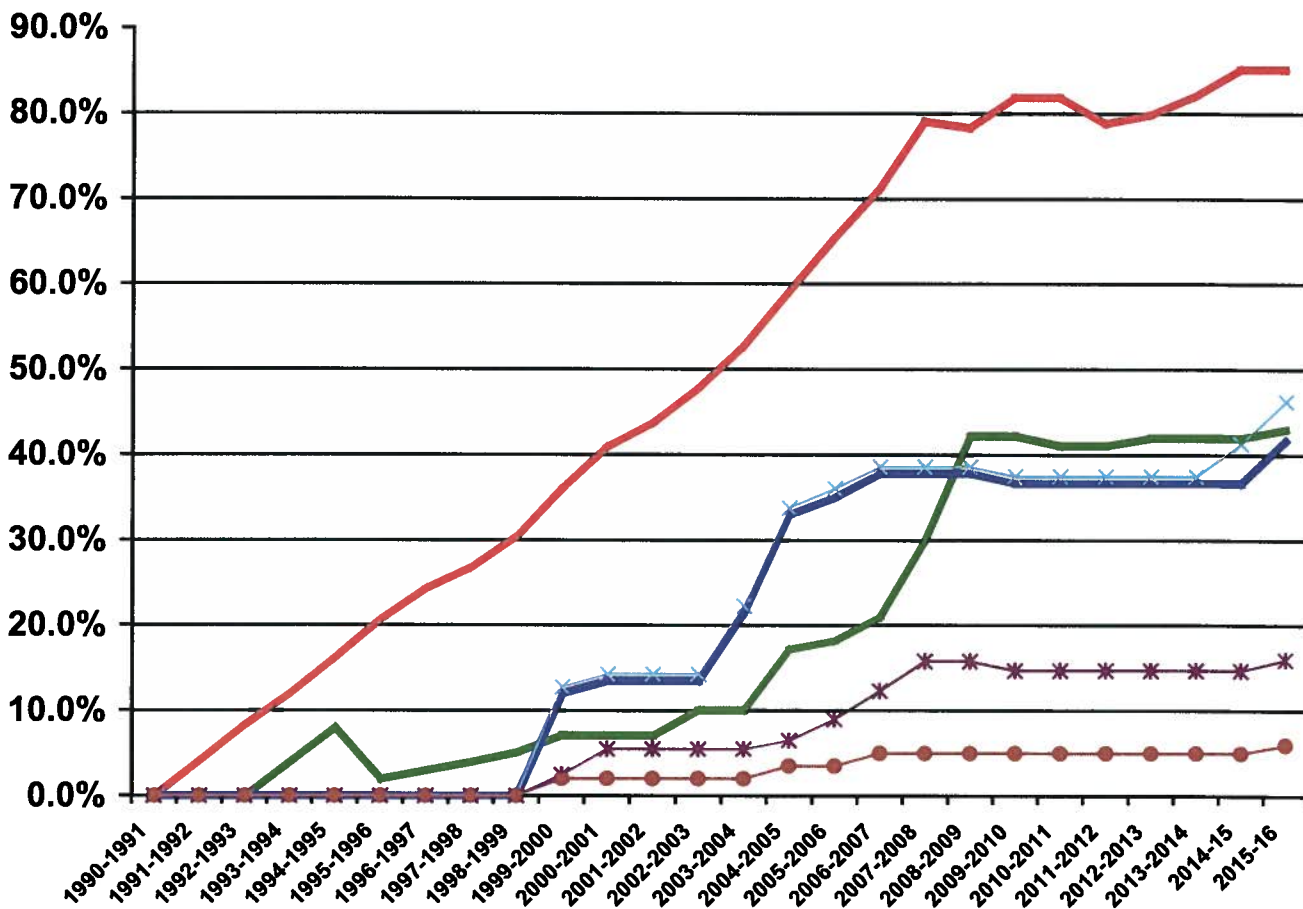
SUMMARY OF ACL's BUDGET PRIORITIES

- Add \$23.2 million for CR-SROs to make up for losses from inflation and so that they can better serve those with challenging needs. These provide a high level of service and can be very long-term stay or permanent.
- Add \$12.7 million to SP-SROs, permanent housing with supports, to make up for losses from inflation and to better equip them to serve clients with more challenging service needs.
- Add \$40 million to the Supported Housing rate statewide in 2015 to make up for losses from inflation and to ensure that Supported Housing is sustained, basing future rates on a reasonable formula. Health Home care coordinators do not take the place of housing staff, while the new guidelines will place extra financial burdens on providers.
- Add \$17 million for the CR program (includes both CRs and Treatment Apartments) to make-up for losses from inflation and to incentivize providers to admit the most challenging clients safely. This would have the added value of ramping up the model's efficiency in rehabilitating people more quickly, most likely an outcome that the MCOs will expect when this model is moved into Managed Care. This number subtracts the estimated BIP revenue.
- \$90 million investment in community mental health. This investment would ensure community providers have the resources necessary to provide quality, sustainable services to some of the most vulnerable citizens in New York State.



Association for Community Living

OMH RESIDENTIAL FUNDING EROSION DUE TO INFLATION 1991 to 2015





One Bedroom OMH Funded Supported Housing – 2016 Adequate Rate

The Following Explains the Accompanying Chart
That Computes an Adequate SH Rate for Each County

This chart was first compiled in 2002. Each year it is updated reflecting new HUD FMR, new SSI rates, OMH increases/decreases and changes in policy.

- A. RENT:** Based on HUD Fiscal-Year 2016 Fair Year Market Rents for a **One Bedroom apartment**
- B. RENT PAID BY RESIDENTS:** Residents pay 30% of income, typically the SSI living alone rate of \$808/month, which is \$242 per month or \$2,904 per year.
- C. TOTAL PROPERTY COST TO AGENCY:** Column A minus column B.
- D. CONTINGENCY FUNDING:** \$500. Based on current OMH minimum of \$500 per recipient annually to resolve housing situations that put the resident at risk of losing his/her housing including non-collectable rent payments due to various reasons, minor maintenance not the responsibility of the landlord, furniture storage, and any other housing related emergency problems that, if not addressed, could cause loss of housing. This number has not changed since 1991.
- E. OTHER THAN PERSONAL SERVICES (OTPS):** \$1500 per SH slot - Based upon a realistic estimate of costs that includes travel, insurance, office supplies, telephone, office rent, etc.
- F. CASE MANAGER:** \$39,000 = \$30,000 salary plus \$9,000 for fringe benefits (30%) for a case manager serving 20. A 15% differential is included for downstate counties: \$44,850 = \$34,500 salary plus \$10,350 for fringe benefits (30%)
- G. SUPERVISOR:** \$52,000 = \$40,000 salary plus \$12,000 for fringe benefits (30%) for a supervisor with a caseload of 100 consumers or 5 case managers. A 15% differential is added for downstate counties: \$59,800 = \$46,000 salary plus \$13,800 for fringe benefits (30%)
- H. ADMINISTRATION and OVERHEAD (A&OH);** at 12% on columns D through G – well under the mandated 15% required under Executive Order #38.
- I. ADEQUATE SUPPORTED HOUSING RATE:** Total of cost columns C-H.
- J. CURRENT SUPPORTED HOUSING RATE:** This is the rate SOMH pays by county for each supported housing unit in each county as of April, 2015.
- K. SHORTFALL:** This number is the difference between column I and column J per bed.
- L. NUMBER OF SH BEDS:** The actual number of beds in each county. This number is from the September 2015, OMH Residential Program Indicators Report.
- M. TOTAL COUNTY SHORTFALL:** The shortfall per bed (Column K) multiplied by the number of beds in the county (Column L) equals the actual shortfall in dollars specific to each county.

	HUD FAIR MARKET RENT	RENT PAID BY RESIDENTS	TOTAL PROPERTY COST TO AGENCY	CONTINGENCY FUNDING	O.T.P.S.	HOUSING DIRECT CARE STAFF	SUPERVISOR	A&OH at 12%	ADEQUATE SUPPORTED HOUSING RATE PER BED/YEAR	CURRENT SUPPORTED HOUSING RATE	SHORTFALL PER BED PER YEAR	NUMBER OF S.H. BEDS	TOTAL COUNTY SHORTFALL
	A	- B	= C	+ D	+ E	+ F	+ G	+ H	= I	- J	= K	x L	= M
ALBANY	9876	2909	6967	500	1,200	1950	659	1353	12,629	9530	3,099	276	855,357
ALLEGANY	6624	2909	3715	500	1,500	1950	659	1249	9,573	8471	1,102	39	42,962
BRONX	16,284	2909	13375	500	1,000	2243	757	2681	20,556	15874	4,682	2094	9,804,632
BROOME	6900	2909	3991	500	1,200	1950	659	1245	9,545	7731	1,814	217	393,638
CATTARAUGUS	6792	2909	3883	500	1,500	1950	659	1274	9,766	8471	1,295	109	141,133
CAYUGA	6912	2909	4003	500	1,500	1950	659	1292	9,904	7731	2,173	61	132,541
CHAUTAUQUA	6480	2909	3571	500	1,200	1950	659	1182	9,062	8471	591	89	52,599
CHEMUNG	8544	2909	5635	500	1,200	1950	659	1492	11,436	8471	2,965	135	400,221
CHENANGO	7008	2909	4099	500	1,500	1950	659	1306	10,014	7731	2,283	51	116,443
CLINTON	7872	2909	4963	500	1,500	1950	659	1436	11,008	7931	3,077	60	184,608
COLUMBIA	8532	2909	5623	500	1,500	1950	659	1535	11,767	9530	2,237	39	87,235
CORTLAND	7308	2909	4399	500	1,500	1950	659	1351	10,359	7731	2,628	53	139,295
DELAWARE	6960	2909	4051	500	1,500	1950	659	1299	9,959	7731	2,228	30	66,840
DUTCHESS	12432	2909	9523	500	1,200	1950	659	2075	15,907	13152	2,755	238	655,642
ERIE	7512	2909	4603	500	1,200	1950	659	1337	10,249	8471	1,778	885	1,573,353
ESSEX	8172	2909	5263	500	1,500	1950	659	1481	11,353	7931	3,422	32	109,498
FRANKLIN	6876	2909	3967	500	1,500	1950	659	1286	9,862	7731	2,131	47	100,176
FULTON	7248	2909	4339	500	1,500	1950	659	1342	10,290	7731	2,559	30	76,776
GENESEE	7512	2909	4603	500	1,200	1950	659	1337	10,249	8471	1,778	51	90,668
GREENE	9144	2909	6235	500	1,500	1950	659	1627	12,471	9530	2,941	35	102,921
HAMILTON	6828	2909	3919	500	1,500	1950	659	1279	9,807	7731	2,076	4	8,305
HERKIMER	7056	2909	4147	500	1,200	1950	659	1268	9,724	7731	1,993	30	59,802
JEFFERSON	9744	2909	6835	500	1,500	1950	659	1717	13,161	8731	4,430	66	292,354
KINGS	16284	2909	13375	500	1,000	2243	757	2681	20,556	15874	4,682	2,565	12,009,971
LEWIS	6948	2909	4039	500	1,500	1950	659	1297	9,945	7731	2,214	53	117,353
LIVINGSTON	8424	2909	5515	500	1,200	1950	659	1474	11,298	8683	2,615	40	104,584
MADISON	7644	2909	4735	500	1,500	1950	659	1402	10,746	7731	3,015	28	84,409
MONROE	8424	2909	5515	500	1,200	1950	659	1474	11,298	8683	2,615	528	1,380,509
MONTGOMERY	7080	2909	4171	500	1,200	1950	659	1272	9,752	7731	2,021	37	74,777
NASSAU	15888	2909	12979	500	1,200	2243	757	2652	20,331	16124	4,207	927	3,899,750
NEW YORK	16284	2909	13375	500	1,000	2243	757	2681	20,556	15874	4,682	2026	9,486,239
NIAGARA	7512	2909	4603	500	1,200	1950	659	1337	10,249	8471	1,778	148	263,114
ONEIDA	7056	2909	4147	500	1,200	1950	659	1268	9,724	7731	1,993	228	454,495
ONONDAGA	7644	2909	4735	500	1,200	1950	659	1357	10,401	7731	2,670	300	800,880
ONTARIO	8424	2909	5515	500	1,200	1950	659	1474	11,298	8683	2,615	71	185,637
ORANGE	12432	2909	9523	500	1,200	1950	659	2075	15,907	13152	2,755	286	787,873
ORLEANS	8424	2909	5515	500	1,200	1950	659	1474	11,298	8683	2,615	29	75,823
OSWEGO	7644	2909	4735	500	1,500	1950	659	1402	10,746	7731	3,015	62	186,905
OTSEGO	7824	2909	4915	500	1,500	1950	659	1429	10,953	7931	3,022	34	102,734
PUTNAM	16284	2909	13375	500	1,200	1950	659	2653	20,337	13952	6,385	69	440,537
QUEENS	16284	2909	13375	500	1,000	2243	757	2681	20,556	15874	4,682	1848	8,652,798
RENSSELAER	9876	2909	6967	500	1,200	1950	659	1691	12,967	9530	3,437	125	429,675
RICHMOND	16284	2909	13375	500	1,000	2243	757	2681	20,556	15874	4,682	672	3,146,472
ROCKLAND	16284	2909	13375	500	1,200	2243	757	2711	20,786	14498	6,288	179	1,125,597
SARATOGA	9876	2909	6967	500	1,200	1950	659	1691	12,967	9530	3,437	48	164,995
SCHENECTADY	9876	2909	6967	500	1,200	1950	659	1691	12,967	9530	3,437	153	525,922
SCHOHARIE	9876	2909	6967	500	1,200	1950	659	1691	12,967	9530	3,437	31	106,559
SCHUYLER	6588	2909	3679	500	1,500	1950	659	1243	9,531	8471	1,060	7	7,421
SENECA	7344	2909	4435	500	1,500	1950	659	1357	10,401	8448	1,953	32	62,483
ST.LAWRENCE	7404	2909	4495	500	1,500	1950	659	1366	10,470	7731	2,739	98	268,383
STEUBEN	7572	2909	4663	500	1,500	1950	659	1391	10,663	8471	2,192	127	278,359
SUFFOLK	15888	2909	12979	500	1,200	2243	757	2652	20,331	16124	4,207	1500	6,310,275
SULLIVAN	8952	2909	6043	500	1,500	1950	659	1598	12,250	9330	2,920	66	192,707
TIOGA	6900	2909	3991	500	1,200	1950	659	1245	9,545	8471	1,074	27	28,998
TOMPKINS	11244	2909	8335	500	1,500	1950	659	1942	14,886	9471	5,415	78	422,339
ULSTER	10848	2909	7939	500	1,200	1950	659	1837	14,085	10080	4,005	171	684,889
WARREN	8568	2909	5659	500	1,200	1950	659	1495	11,463	9330	2,133	49	104,527
WASHINGTON	8568	2909	5659	500	1,200	1950	659	1495	11,463	9330	2,133	5	10,666
WAYNE	8424	2909	5515	500	1,200	1950	659	1474	11,298	8683	2,615	76	198,710
WESTCHESTER	14940	2909	12031	500	1,200	2243	757	2510	19,241	15874	3,367	899	3,026,618
WYOMING	6276	2909	3367	500	1,500	1950	659	1196	9,172	8471	701	22	15,431
YATES	6948	2909	4039	500	1,500	1950	659	1297	9,945	8471	1,474	11	16,216
												18326	71,722,628