



TESTIMONY

OF

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SUBMITTED TO THE

NEW YORK STATE SENATE FINANCE COMMITTEE

AND

NEW YORK STATE ASSEMBLY COMMITTEE ON WAYS AND MEANS

REGARDING THE

NEW YORK STATE EXECUTIVE BUDGET PROPOSALS FOR

MENTAL HYGIENE

STATE FISCAL YEAR 2013-2014

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Good morning. My name is Pamela Corbett and I am the Policy Associate for Health and Mental Health at Citizens' Committee for Children of New York (CCC). CCC is a 69- year old privately supported, independent, multi-issue child advocacy organization, dedicated to ensuring every New York child is healthy, housed, educated and safe. CCC does not accept or receive public resources, provide direct services, or represent a sector or workforce. For 69 years CCC has undertaken public policy research, community education and advocacy efforts to draw attention to children and their needs so that we can advance budget, legislative, and policy priorities that are cost-effective and produce better outcomes for New York's youngest residents. I would like to thank Chairman Farrell and Chairman DeFrancisco and members of the Assembly Ways and Means and Senate Finance Committees for this opportunity to testify on the Governor's Executive Budget for State Fiscal Year 2013-2014.

Governor Cuomo's \$136 billion Executive Budget closes a \$1.3 billion deficit, while aiming to strengthen our State's Education system, increase jobs and better protect our State from unpredicted disasters such as Superstorm Sandy. CCC is grateful for many of the measures the Governor and the Legislature have taken over the past few years to stabilize the State's economy and help to build a better New York.

The Governor's Executive Budget takes some notable steps to improve the lives of children such as raising the minimum wage, beginning to implement the recommendations of the *New NY* Education Reform Commission, and continuing to reform the juvenile justice system.

While these are notable enhancements, there are also budget reductions to programs and services that CCC is very concerned about including cuts to post-adoption services, Nurse-Family Partnership, after-school programs, services for sexually exploited and runaway and homeless youth, as well as the elimination of funds for the Court Appointed Special Advocates (CASA) program.

While continuing to prudently address State spending is critical to New York's recovery from the economic downturn, few have been hit harder by this recession than poor children and their families. It is CCC's belief that we must not allow this year's budget to chip away at the safety net needed to ensure that the next generation of New Yorkers can reach their full potential.

CCC is generally pleased with the overall direction of the Governor's proposed budget for Mental Hygiene-related services.

We are very excited to see the State moving forward with its commitment to expand supportive housing units through savings generated in the Medicaid Redesign process. Supportive housing facilities offer numerous benefits to both taxpayers and residents. They not only make affordable housing available to the highest needs individuals and families within our communities, they can also offer centrally located health, mental health and social support services. By co-locating these services within housing, supportive housing removes geographic and cost barriers to care while promoting recovery and stability.

In New York City, homeless individuals have been found to disproportionately utilize emergency health care services when compared to their permanently housed counterparts.¹ Excessive dependence upon emergency care inflates health care spending while reducing a patient's quality of life. Placing families with vulnerable members into supportive housing takes a holistic approach toward promoting recovery and optimal health outcomes while saving money by curtailing preventable costly hospital stays, shelter use and criminal justice involvement.²

CCC was very encouraged to see the Executive Budget promote the integration of behavioral health into primary care settings. This would enable a holistic approach toward patient health and wellness that would improve the patient experience and overall health outcomes. Across the State and around the country, the delivery of health care has historically been siloed. Patients see different doctors for different needs (e.g., primary care, behavioral health etc.), many of whom do not regularly communicate with each other. In the absence of collaboration, there is increased risk of misdiagnosis, conflicting patient advice, duplicative testing, insufficient follow-up care and potentially lethal drug interactions. These negative, and conceivably, avoidable outcomes all carry a heavy price tag plus the additional cost of worsened patient health status. This is especially salient for children, who are perhaps most responsive to interventions during their formative years and are thus positioned to greatly benefit from the promise of collaborative care.

To date, the State's movement away from in-patient psychiatric treatment toward community-based care has benefitted mental health care consumers, their families and taxpayers. Unlike State psychiatric facilities, community-based settings tend to offer mental health care consumers a larger menu of recovery-oriented treatment and related supports to better target the needs of the individual. Promoting recovery in the community also strengthens families by allowing loved ones to access the care they need closer to home. Moreover, it is worth noting that community-based mental health service models can be more cost-effective than inpatient care, helping to further stretch the mental health care dollar.³

Reinvesting savings generated from State psychiatric facility closures and consolidations will help to bolster community-based capacity over time. Currently, there is insufficient capacity to meet the needs of patients seeking care in community-based settings. This is especially true for children in New York City. Last year, on behalf of the New York City Citywide Children's Committee and NYC Early Childhood Strategic Mental Health Workgroup, CCC sought to estimate the gap between the need for mental health treatment slots and the number of treatment slots available for children throughout New York City. Through our analysis we found that an estimated 47,407 children ages 0-4 in New York City have a behavioral problem and 268,743 children ages 5-17 in New York City are estimated to have a mental health disorder.⁴ While we

¹ The Health of Homeless Adults in New York City. *The New York City Departments of Health and Mental Hygiene and Homeless Services*. December 2005. Accessed on Feb. 22, 2013 from:

<http://www.nyc.gov/html/doh/downloads/pdf/epi/epi-homeless-200512.pdf>

² Melany Mondello et. al. Cost of Homelessness: Cost Analysis of Permanent Supportive Housing. *Corporation for Supportive Housing; MaineHousing; and Maine Department of Health and Human Services*. September 2007.

Accessed on Feb. 22, 2013 from: http://shnny.org/uploads/Supportive_Housing_in_Maine.pdf

³ Jack E. Scott, ScD and Lisa B. Dixon MD, MPH. "Community-Based Treatment for Severe Mental Illness: What are the Benefits and Costs?" *Medscape Psychiatry & Mental Health eJournal*. 1997;2(5)

⁴ New York City's Children and Mental Health: Prevalence and gap Analysis of Treatment Slot Capacity. *Citizens' Committee for Children of New York*. January 2012; page 1

were unable to identify the citywide unmet need, due to the lack of data for Queens and Manhattan, our analysis of slot capacity for Brooklyn, Bronx and Staten Island suggests that there are only treatment slots for 1 percent of children ages 0-4 and 12 percent of children ages 5-17 who have treatment needs.⁵

We also support the Governor's proposal to permanently extend the long-time temporary exemption to the State's Social Work Licensing Law as it is both timely and necessary. This exemption permits MSWs who have not yet received their license (LCSW or LMSW) to continue to perform social work-related activities in select State agencies and in nonprofits licensed by those State agencies. The exemption is set to expire beginning July 1 this year, and with it, tens of thousands of affected staff would have to be replaced by licensed professionals. Neither the State, nor its licensed providers, has the resources necessary to scale-up. Higher-level professionals are relatively more expensive, and accordingly, recent estimates indicate such a transition could easily cost upwards of \$425 million within the next year alone.⁶ Moreover, the State's existing shortage of licensed professionals⁷ threatens to leave vacated positions unfilled indefinitely. Essentially, failure to extend the exemption would have resulted in a severe shortage of staff in many social service programs.

Despite these promising proposals, there is one rather disconcerting Mental Hygiene-related proposal in the Governor's Budget that warrants further action. CCC is concerned with some the Governor's proposed actions to help offset a recent \$1.1 billion deficit in federal Medicaid payments. To correct decades of reported overpayment,⁸ the federal Centers for Medicare and Medicaid Services (CMS) will be reducing its share of Medicaid payments for the delivery of services to the intellectually and developmentally disabled (IDD) in State-operated facilities by \$800 million starting April 1. CMS has also directed the State to identify another \$300 million in Medicaid savings. While CMS is within its right to align payment rates closer to the actual cost of care, we are concerned that the burden of this substantial loss in support may be borne by New Yorkers living with IDD.

For example, the Governor proposed in his 30-day amendments \$1.1 billion in offsetting spending actions that include reducing payment rates by six percent, or \$120 million, to nonprofits contracted with the State to provide group home IDD services. Rate reductions of this magnitude will likely force providers to cut back on staff, services or both.⁹ With scaled-back

⁵ *Ibid.*

⁶ Scaglione, Fred. "Without a License." *The New York Nonprofit Press*. April 26, 2012. Accessed on February 25, 2013 from: <http://www.nynp.biz/index.php/this-months-feature/10111-without-a-license.html>

⁷ *Ibid.*

⁸ According to a September 20, 2012 staff report by the U.S. House of Representatives Committee on Oversight and Government Reform titled, *The Federal Government's Failure to Prevent and End Medicaid Overpayments*, Medicaid payments to State-operated facilities exceeded rates that Medicare would have paid more than six times over. Medicare rates set the ceiling for State Medicaid reimbursement levels for the delivery equivalent care. The Committee also found that the State Office for People with Developmental Disabilities (OPWDD) used a payment formula enabling "State-operated facilities to retain nearly two-thirds of the total Medicaid reimbursement when an individual leaves the facility." For more information, please consult: <http://oversight.house.gov/report/the-federal-governments-failure-to-prevent-and-end-medicaid-overpayments/>

⁹ Campbell, Joe. "New York Facing a \$600M Medicaid Gap." *Democrat and Chronicle*. February 23, 2013. Accessed on Feb. 25, 2013 from:

operations, the burden of these cuts to providers will ultimately fall on group home residents with IDD. This is a move in the wrong direction – especially as the State transitions its service delivery system for the intellectually and developmentally disabled toward non-institutional care. Diverting resources away from community-based settings will only serve to exacerbate existing barriers to care for the State’s most vulnerable individuals and their families.

To address the Medicaid shortfall, we urge you to support the provision in the 30-day amendments that establishes a *Mental Hygiene Stabilization Fund*, which will help to preserve the State’s programming for the intellectually and developmentally disabled that would have otherwise been at-risk for reductions and closures. We know the State the state has been working diligently with CMS to pursue a more meaningful long-term solution for securing adequate resources to serve this population. We are hopeful that any gains from these negotiations will be applied toward this *Stabilization Fund*. However, we strongly oppose any efforts to finance the *Stabilization Fund* and/or to offset recent losses in federal financial participation at the expense of other critical Medicaid-supported programming.

In summary, we urge the Legislature to negotiate a budget with the Governor that ensures that the State remains committed to the programs that produce positive outcomes for children, and ultimately saves the state money on more expensive interventions such as foster care, medical care, homeless shelters, and the juvenile justice system.

While we appreciate that very difficult choices about revenue increases and expense reductions need to be made, we urge you to protect the services that will ultimately be less costly to the children of today and the taxpayers of tomorrow.

Thank you for the opportunity to testify.