

EXECUTIVE SUMMARY

STRESS TEST REPORT:

**ON THE IMPACT OF
THE NEW YORK STATE
OFFICE OF MENTAL HEALTH'S PROPOSED
CLINIC RESTRUCTURING INITIATIVE**

Produced by
The Coalition of Behavioral Health Agencies, Inc.



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The Coalition has conducted a Sample Stress Test of 20 agencies with over 70 clinics. This test, using OMH's own projection tool, demonstrates conclusively that the OMH clinic restructuring threatens the very survival of clinics delivering services in neighborhoods throughout New York City, Westchester and Long Island, particularly those located in low income communities.

The Projection Tool was developed for the purpose of enabling the agencies to project how they will do financially if and when the State Restructuring Plan goes into effect. The predominant features of the Restructuring are the elimination of COPS (Comprehensive Outpatient Providers Services supplement) and an increase in the Medicaid fee for service rate. State regulations envision a phase-in, enabling the agencies to gradually move to full implementation over a four year period.

Our instructions to the survey agencies were to be realistic in their projections. We wanted them to envision a future without drastic changes. We discouraged them from projecting either a best-case or a worse-case scenario and are confident that each of the agencies followed our instructions and were realistic in their projections.

The agencies in our sample projected that they will lose about \$33 million collectively, in Medicaid revenue during the fourth year of the phase-in or almost \$80 million over the 4 year period. The losses become progressively worse over the course of the phase-in.

Although there were some individual clinics that were able to increase revenues as a result of Clinic Restructuring, all of the agencies did badly. In the fourth year of the phase-in and every year thereafter, the losses of Medicaid revenue ranged from 7.59% to 60.56%.

As agencies completed the projection tool, executives have expressed concern that some clinics might have to be closed and/or that the clinics may have to change their payer mix, reducing services to consumers who do not have Medicaid because of the dramatic difference in rates.

The Coalition is deeply concerned that a significant access to care crisis for consumers will emerge. Below-cost reimbursement for clinical services will cause:

- Community-based clinics to cut back on services or even shut down completely
- Clients to be denied essential services
- Increased use of more costly hospital, emergency room and other forms of institutionalized care
- Professional staff to be laid-off or transitioned to part-time status without health insurance and other benefits; degrading the workforce and jeopardizing the appeal of the mental health professions to future graduates of professional schools.