The Coalition of Voluntary Mental Health Agencies, Inc.

The testimony of

Peter Campanelli, Psy.D

before
a joint meeting of the

Senate Finance Committee

and the

Assembly Ways and Means Committee

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Good morning Chairpersons Farrell and Stafford and members of your committees. First let me thank you for holding this hearing today.

My name is Peter Campanelli. I am Treasurer of The Coalition of Voluntary Mental Health Agencies and President of the Institute for Community Living. I am accompanied by my colleagues Gayle Farman from the New York State Council for Community Behavioral Healthcare and David Bergman from The Coalition. I am testifying today on behalf of The Coalition, the umbrella group of community based mental health agencies which together serve more than 500,000 New Yorkers, from New York City and surroundings, who are in need of behavioral health services. The Coalition members are big, small, and every size in between. They offer residential, outpatient treatment, rehabilitative, outreach, care coordination and crisis management services. They serve every religious, racial, ethnic and linguistic group in every neighborhood of our very diverse city.

For almost a decade, workforce issues and the fraying of infrastructure have been at the center of our agenda with the State. And for an equal number of years, our needs and our pleas have gone largely unheeded. Today, our message is different only because the unaddressed circumstances are even more dire: Senators, Members of the Assembly, the community-based mental health sector is poised to crumble. Only your actions can alleviate the on-going problem of compounded inflationary costs and adjustments that have been both rare and insubstantial for more than a decade.

Last year, the community mental health sector was in line to receive a Medicaid fee hike and a COLA. As you know, the bare-bones budget left us holding only empty promises and dashed hopes. We feel like we have been jilted and left alone at the altar. In failing to come to an agreement on this matter, the Legislature and the Governor effectively failed to address a growing systemic problem that has reached crisis proportions.

Let me paint a brief picture of the impact this has had on services. Turnover of direct care staff averages as high as 54%. Continuity of service is virtually non-existent when turnover is this high, not only disrupting the long-term rehabilitation and recovery of consumers, but impairing the establishment of the trusting relationships that are so vital for healing. Because of the rampant turnover, many of our clients must go through a string of case managers and other direct care workers in a single year. With each new worker, the trust and attachment that is so important is harder and harder to earn. Sadly, the most experienced, best qualified workers are leaving at twice the rate of their less experienced colleagues.

The primary culprit for turnover is low salaries; the singular cause of low salaries is unchanging contract and reimbursement rates and sharply inflationary costs.

But turnover is only part of the problem, albeit the most observable. In addition to high turnover, poor contract and reimbursement rates produce less visible but equally significant signs of systemic instability. These include, most notably, high worker-consumer ratios, before and after September 11th, a work environment deteriorating in quality with dwindling opportunities for professional education and training, long periods of vacancies and growing difficulty in finding adequate and affordable apartments. The list goes on.

Chronically low reimbursement rates have also led to peculiar situations. On more than one occasion, SOMH has published RFPs with payment rates that are so low that few providers were able to submit proposals. This was true last Fall when SOMH promulgated a rate for Supported Housing that failed to cover costs. This was true last Winter of a children's services piece. And it is now true of a case management program. In the case of Supported Housing, the contract rate had grown 3% during a ten year stretch in which rents rose by nearly 50%. In short, inadequate funding of community mental health programs is the single major obstacle to the deployment of services.

At a time when the entire mental health community is pleading in unison for repair of the infrastructure, the governor's recently proposed budget for FY '03 is a further blow. It fails to reinstate the one new source of funding in the last ten years: Reinvestment. This omission literally robs the community mental health sector of needed funds. Last year alone, the mental health sector had $9.2 million of Reinvestment funds lifted from its system, dollars that could have been reserved for a Medicaid fee increase or a cost-of-living adjustment. In Fiscal Year 2002-2003, the expiration of Reinvestment will mean that $26 million from the elimination of 395 State psychiatric beds–dollars that recently were in the mental health system-- will also evaporate into the General Fund.

Including the beds from last year, the failure to reinstate Reinvestment will cost the community mental health sector $35 million by the end of FY '03 (and that is a conservative estimate). It feels like betrayal– betrayal of the consumers who depend on the life giving services we provide, betrayal of community mental health programs and services, and betrayal of the public trust.

The Governor's proposal would also divert Medicaid income generated by mental health services. If the Federal Government increases the Federal Medicaid percentage from 50% to 53%, mental health agencies that bill for Medicaid also will draw down these extra funds without receiving any of the benefit. Instead, he

Governor’s proposal siphons this off and sends it out of the mental health sector altogether. Shouldn’t this money come back to help a hurting mental health sector?

I urge you in the strongest of terms to reintroduce a much needed Medicaid fee increase of 10% and a vital cost of living adjustment of 5% for the mental health sector. Agencies are providing necessary services to needy New Yorkers– both before and after September 11th--and cannot continue to do so without these vital increases. Without an increase, we can only expect more of the same: more turnover, more disruptions in services, further deteriorating services, higher consumer-worker ratios, and additional evictions in programs like Supported Housing–maybe even closings and bankruptcies.

The simplest possible thing to say about this year’s budget is that mental health dollars must stay in the mental health system. Do not allow these dollars to leave an already strained service sector. The additional mental health savings from increasing federal Medicaid percentage must stay in the mental health system. The $35m from Reinvestment must stay part of Reinvestment. Reinvestment alone is enough to provide a desperately needed COLA; the savings attributable to an increase in the Federal Percentage of Medicaid will more than cover a substantial Medicaid fee increase. Both are desperately needed just for us to survive.

Thank you. I would like to introduce my colleague from the New York State Council, Gayle Farman.