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**PUBLIC HEARING:
“TRANSITION OF BEHAVIORAL HEALTH SUPPORTS AND SERVICES INTO
MANAGED CARE”
October 21, 2015**

Good Afternoon, Assembly Member Gunther and members of the Committee on Mental Health and Developmental Disabilities. I am Jamin R. Sewell, Counsel & Managing Director for Policy and Advocacy for The Coalition Of Behavioral Health Agencies (The Coalition). The Coalition is the umbrella advocacy organization of New York's behavioral health community, representing over 130 non-profit community-based behavioral health and substance abuse agencies that serve more than 350,000 clients throughout NYC and its environs.

I would like to convey greetings today from our Chief Executive Officer, Phillip Saperia. He sends his regrets about not joining you. Thank you for this opportunity to present our thoughts on New York State's progress with transitioning individuals receiving behavioral health supports and services from programs certified and licensed by the Office of Mental Health (OMH) or the Office of Alcoholism and Substances Abuse Services (OASAS) into managed care.

The Transition to Medicaid Managed for Behavioral Health Services

On October 1, 2015, in New York City one of the last remaining groups of individuals receiving behavioral health services on a Medicaid fee-for-service (FFS) basis were carved into a managed care system. They are people on Medicaid who live with serious mental illness and/or chronic addictions and on Medicaid. In complication to this the transition to managed care, also on October 1st, the new ICD-10 billing codes became mandatory. We support the transition to managed care, which we will lead to more positive outcomes for individuals struggling with behavioral health issues, but in the near-term we have some serious concerns about potential disruptions likely to affect consumers/clients and their community based providers.

New York City's community-based behavioral health system provides a safety net to the most high need consumers/clients in New York City through the expertise of our

providers, high quality & culturally competent care and credibility in the communities they serve. The rapid introduction of Medicaid managed care (MMC) and ICD-10 has the potential to destabilize this vital system. Due to chronic underfunding of services, many community-based providers were already in dire financial condition prior to the launch of MMC. We are extremely concerned that in the confusion of this transition and potentially inadequate or delayed payments to providers that consumers/clients will be lost to care.

The majority of our members have some experience in working with managed care organizations (MCOs) through providing behavioral health services to people with commercial insurance and the non-SSI Medicaid population.

Earlier this year, in a survey, we asked members how much they have in unpaid MCO claims and for how long. Virtually all respondents reported having unpaid claims ranging from three months to over a year and unpaid claims of up to \$500,000. Clinics, many of whom are currently experiencing financial difficulties, cannot be expected to sustain huge receivables from the MCOs for claims that should have been paid promptly and correctly.

If the current experience with payment delay is similar to the new environment when many, more people with even more critical needs will be covered by Medicaid managed care, we fear that currently distressed providers will suffer, and more safety net behavioral health providers will close. Several Coalition members have told us explicitly that delayed payments over a 90-day period could lead to more programs being closed, with consequent loss of care to consumers.

Dispositive Role for OMH & OASAS During and After the Transition to MMC

New York State has renegotiated the model contract that governs its relationship with MCOs and delivery of Medicaid services in New York State. OMH and OASAS, the most knowledgeable State agencies, should be given oversight and monitoring authority for MCO compliance, network adequacy, continuity of care and evidenced-based behavioral health outcomes.

In order to ensure robust accountability, OMH and OASAS, along with the NYS Department of Health (SDOH), should sign the model contracts with the MCOs. Oversight of MCO issues (contract language, network adequacy, evidence based practices, monthly reporting, access, payment, denials, evidence of maintenance of effort) with respect to behavioral health should rest with OMH and OASAS. OMH and OASAS, using their comprehensive understanding of behavioral systems, have a long history of working with safety net providers and high needs consumers. Giving them authority over behavioral health matters in the contract would give providers and consumers/clients a needed level of comfort and stability.

Transparency in Medicaid Redesign Team Process

In order to evaluate the progress of the transition to Medicaid managed care, the Medicaid Redesign Team should submit annual reports to the legislature with specific information on how much funding is going to each MCO, how much was spent on direct care, how

much money flowed down to providers and what savings were achieved (if any) all broken down by MMCOs.

Only with this information can we determine if the goals of the MRT are adequately being met.

Carve-In of Children to Medicaid Managed Care

As the very complex system of care for children, adolescents and families moves toward managed care, the State should adopt rigorous child and youth-focused behavioral health metrics that monitor plan and network access and performance, ensure high quality care, and gauge short and long-term outcomes; ensure interaction with other child serving systems; commit to periodically convening plans, networks and providers to work with State and local government to publicly issue reports on utilization, capacity and other quality and performance measures.

On January 1, 2016 Children's Health Homes will come on line. In our opinion, there has been too little information shared with the public and we are concerned that much of the Health Home funding has been diverted into implementing the adult system leaving little support for the creation of Children's Health Homes.

The information from the experience with transitioning adults to Health Homes and MMC is absolutely essential for when NYC's children are carved-in on January 1, 2017.

The Clubhouse Model

The Clubhouse is an integrated model in which several behavioral health services (services that will be reimbursed separately and discretely by the proposed Home & Community-Based Services (HCBS) Model) are often provided simultaneously, by accreditation mandate.

Given the uniqueness and success of the evidenced-based Clubhouse model, we request that the Commissioners of SDOH, OMH and OASAS develop an exemption for Clubhouse programs from the proposed HCBS model. To both maintain accreditation and high quality services for Clubhouse program members, services cannot be provided independently. Therefore, a clubhouse-specific reimbursement model should be developed that integrates these intertwined services into a single bundled rate.

SFY 2015-2016 Budget

\$10 Million in Health Information Technology Funding

The Coalition was the among primary advocates for capital for funding for health information technology (HIT) and other costs related to the transition to managed care in the current fiscal year's budget. We are extremely appreciative that the legislature allocated \$10 million for these purposes. The vast majority of federal funding for HIT, so necessary for this transition and compliance with record keeping and information exchange mandates, on both federal and state levels has gone to hospitals and physical health providers.

While the State is working diligently to implement and distribute its grants, we believe that significantly more funding is necessary to build the infrastructure for behavioral health providers, especially in OASAS-licensed facilities, to meet the demands of the new billing environment. Such technology is vital for providers to track data on outcomes which will be needed in the new MMC environment.

Targeted 2% Increase for Frontline Staff

The Coalition and its providers are warily thankful for the targeted 2% COLA allocated in this year's State budget. Unfortunately, given its narrow scope it has been very difficult to implement and our providers have reported that in some instances, has caused strife between employees who received the targeted increase and other who did not. Some employers have reported that the implementation costs have been nearly as much as the COLA itself. We call for an additional across-the-board COLA that could help stabilize our behavioral health safety-net work force. Work force underfunding produces high turnover and disrupts continuity of care.

SFY 2016-2017 Budget

Loan Pool

During the initial transition period, OMH has temporarily lifted the 2-week payment lag on Medicaid FFS to address provider cash flow problems, which we greatly appreciate. OASAS has also pledged to use net-deficit funding to assist struggling providers in 822 clinics. However, given the fact that some of the most affected behavioral health providers do not have contracts to provide Medicaid FFS or contracts with OASAS and that the transition has eliminated much of the FFS revenue for those that have had such contracts, we believe this gesture although generous, is insufficient.

To address, this potentially destabilizing cash flow problem, we propose that New York State create or mandate the creation of a revolving loan fund to supply bridging funds to providers in the event that payments are or are held up in dispute proceedings. The initial capital for such a fund could be provided by the SDOH, OMH, OASAS and MMCOs or a combination of thereof. This would be a smart investment as the funding will be in the form of loans, it will ultimately not have any long term fiscal ramifications.

Supportive Housing

The Coalition is a participant in the NY/NY 4 Campaign, which calls for 35,000 new units of supportive housing—30,000 in NYC and 5,000 in the rest of New York state. With strong support we are receiving in this chamber and the State Senate, I believe we can make this proposal a reality in this session.

With regard to our current stock of supportive housing, funding for OMH Housing programs has eroded up to 43% over the last 20 years. These programs are expected and required to serve much more challenging clients, manage the health and mental health for people with many co-occurring conditions and manage complicated medication regimens that were never anticipated when the models were developed and

are serving priority populations that were chosen specifically because of their very high needs.

The continuum of OMH licensed and non-licensed (supportive, Community Residences, Single Room Occupancy, Treatment Apartments, supported SROs) housing is critical to the State in meeting its Delivery System Reform Incentive Payment (DSRIP) goals, further reduce the state psychiatric center census, keep more people out of inpatient and other institutional settings, and meet more assertive rehabilitation goals in transitional residences, which MMCOs will surely expect.

In NYC, the median contract rent of rent-stabilized units as whole was \$1,200 in 2014; the median contract rent for private, non-regulated units was \$1,500. With a city-wide rental vacancy rate of 3.45 percent and 2.12 percent for rent stabilized apartments, affordable housing is nearly impossible locate. The impact of the rising NYC rental market on our supportive housing providers' ability to operate is devastating

Every year an increasing percentage of their State contracts go towards rent instead of services. A couple of years ago the ratio was 60%-40% with 60% going towards rent and 40% towards services. Two years later it is now closer to a 70%-30% split.

Some providers have given back almost all of their scatter site contracts because they have been running such large deficits over the years that it's not financially sustainable for them to do it anymore. The model simply no longer works from a fiscal standpoint.

We need an additional COLA for rent (not only salaries) so the increasing rental costs, **especially in the New York City area**, will not further diminish reimbursement for services and necessary housing will be affordable.

Minimum Wage Increase

The Coalition strongly supports the Governor's proposed minimum wage increase, but notes that it will have a significant impact on its members. Higher wages lift more people out of poverty and help in recruitment and retention of employees. While we support the Governor's proposal to raise the minimum wage we underscore the commensurate need for substantial reinvestment in the already underfunded non-profit sector to cover the cost of the wage increase and ensure stability the sector.

Extend the Unlicensed Practice Exemption through 2020

Extend until 2020 an exemption (currently scheduled to expire in June 1, 2016) from licensing requirements for certain social work and mental health professionals employed by not-for-profit corporations regulated, funded, operated or approved by OMH, OASAS, Office of Children & Family Services, Office for People with Developmental Disabilities, Local Government Units or local social services districts.

Without the exemption, providers of behavioral health services will not be able to maintain current client volume, potentially placing the providers and, consequentially, consumers/clients at risk. Furthermore, recruiting bi-lingual, bi-cultural licensed professionals is currently a challenge. Prematurely removing the exemption will

exacerbate the current shortage of licensed social workers and other mental health practitioners in New York State.

The uncertainties of the transition to MMC coupled with “new” licensing requirements that will target social workers, mental health counselors, marriage and family therapists, and creative arts therapists, (the backbone of public behavioral health) will be destabilizing to the entire sector.

Given the foregoing, we propose that the Unlicensed Practice Exemption be extended to June 1, 2020, when Medicaid managed care will be fully implemented and providers will have had an opportunity to function in the new environment.

Again, thank you for convening this public hearing. We look forward to working with you to help ensure that individuals with behavioral health issues and their providers come through these monumental changes with a stronger and more sustainable behavioral health system.