



Testimony of  
Michael J. Polenberg  
Director of Policy & Advocacy  
The Coalition of Behavioral Health Agencies, Inc.

At the Joint Hearing of  
The New York State Senate Finance Committee  
and New York State Assembly Ways & Means Committee

on the SFY 2007-2008 Executive Budget Proposal  
for Mental Hygiene Services

February 7, 2007

The Coalition of Behavioral Health Agencies, Inc.  
90 Broad Street, New York, NY 10004-2205  
ph. (212) 742-1600; fax (212) 742-2080  
[mailbox@coalitionny.org](mailto:mailbox@coalitionny.org); [www.coalitionny.org](http://www.coalitionny.org)

## **Introduction**

Chairman Johnson, Chairman Farrell and distinguished committee members, thank you so much for allowing us this opportunity to speak before you today. My name is Michael Polenberg and I am the Director of Policy and Advocacy for the Coalition of Behavioral Health Agencies, the umbrella advocacy organization of New York City's behavioral health community. The Coalition represents over 110 non-profit community-based mental health and substance abuse agencies in New York City and the surrounding area. Our members constitute a broad cross section of service providers – all sizes from very small to very large; treatment and rehabilitation-oriented; outpatient and residential; focused on linguistically and culturally specific populations and on many special-needs – serving more than 300,000 individuals in the five boroughs of New York City and its environs.

## **Governor's SFY 2007-2008 Executive Budget**

Overall, the Coalition is very pleased with the budget presented by Governor Spitzer. In a year marked by transition, we are heartened that the Governor's proposal honors funding commitments from prior year's budgets, including the three-year Cost of Living Adjustment (COLA) proposed last January. We are particularly enthusiastic about the remarkable investment in new units of mental health housing and enhanced rates for existing units of licensed and unlicensed housing as well as units that are currently in development.

We do have some concern about the proposal by OMH to save nearly \$8 million by conducting a rigorous review of Medicaid billing procedures by providers. To us, this creates the appearance of presumptive guilt and the subsequent need to prove innocence. We expect that the Administration will ensure that the review process for providers is open, fair and transparent, and that an impartial appeals procedure will be created.

We oppose a proposal in the State DOH budget to end the exemption of anti-depressant medication from the Preferred Drug List. In prior years, mental health medications were not included in the PDL. We also oppose the proposal to mandate enrollment of New Yorkers with serious and persistent mental health disorders into Medicaid Managed Care programs for their primary healthcare. We anticipate this arrangement actually leading to the discontinuity of care for some mental health consumers.

Finally, the Coalition is pleased that the State is taking a critical and collaborative look at the use of inpatient psychiatric facilities and hospital-based detoxification. We believe State dollars, wherever possible, should be directed to outpatient settings that offer the best chance for treatment and recovery for disabled New Yorkers. Over the past fourteen years, the State's policy has been to reinvest savings realized through the closing of OMH inpatient psychiatric beds into community-based settings. This funding stream has, over time, helped strengthen a range of program models utilized by hundreds of thousands of consumers. If savings are identified as a result of these two

studies, we urge the State to reinvest these dollars into community-based outpatient settings where the majority of New Yorkers with behavioral health care needs receive their care.

The remainder of my testimony will concern the ongoing needs of the sector, particularly with regards to Article 31 mental health clinics, and our vision for how the legislature can continue to play a meaningful role in helping community-based mental health and substance abuse providers offer effective and empowering care to New Yorkers in need.

### **Reform and Restructuring of Article 31 Clinic Reimbursement Methodology**

For nearly fifty years, Article 31 clinics have formed the backbone of the community-based mental health sector. In 2003, over 90,000 men, women and children received treatment from community-based Article 31 clinics, comprising almost 80% of New Yorkers who sought publicly-funded mental health care.

But while this treatment modality is among the most commonly utilized, it is also increasingly one of the most poorly funded. Current Medicaid rates for mental health clinics, not including COPS, cover roughly half of what it costs for most clinic providers to offer basic treatment and care to their consumers. For those clinic providers who regularly see consumers with complex forensic histories, co-occurring addictive disorders or who have endured long periods of homelessness, the discrepancy between

cost and reimbursement grows exponentially. The same is true for high need geriatric clients and children in foster care settings.

Existing clinic reimbursement rates do not account for inflationary factors like yearly rent hikes, fuel and energy expenses and the cost of training, retaining, and supervising professional staff. The standards increase for client tracking, accountability and successful outcomes, but reimbursements fail to keep pace with the costs of service. The rates do not account for a variance in the types of populations served, thus offering the same basic rate for a costly visit to a homebound elderly and infirm consumer that it does for an office visit for a more ambulatory individual. The rates only marginally account for the much higher cost of treating children and adolescents.

The Coalition, together with our colleagues across the State, advocates for a new system of reimbursement for Article 31 clinic providers that will support a more efficient and sustainable therapeutic relationship between providers and consumers, and will help reduce State costs in more expensive and dehumanizing settings such as hospitals, jails, shelters and prisons. To safeguard providers and the State from Federal audits, the proposal will ensure that essential non-Medicaid services will only be funded by non-Medicaid dollars. Case management services connected to the treatment of certain high-service need consumers will help expedite the coordination of behavioral, primary and acute care. The State will also fund rehabilitation services that Medicaid will not cover as the system moves to client centeredness and toward a greater recovery orientation.

We recommend a system of reimbursement for Article 31 clinic providers in which rates are:

- Based on uniform regional rates; adjusted according to the respective staffing model (i.e. fee-for-service or full time staff with benefits);
- Annually adjusted using an established inflation indicator;
- Periodically rebased to reflect new technologies and requirements;
- Inclusive of a property and other fixed cost pass-through component to address skyrocketing rental and energy costs;
- Adjusted by supplementary reimbursement to address the high-service needs of target priority populations; and
- Tied to certain performance outcomes that reflect State target populations.

We urge you to work with us and the Governor's Division of Budget to restructure the manner in which Article 31 clinic providers are reimbursed for their work so that they may continue to offer life-sustaining programs and services to New Yorkers living with psychiatric disabilities and their families.

### **Children's Mental Health**

Providers licensed to operate children's day treatment programs offer comprehensive therapeutic and educational care to children and adolescents with serious emotional disorders. In exchange for offering this care, providers receive just

\$72 per child per day, a figure which is grossly inadequate to cover even the basic costs associated with operating this program. A number of existing programs are facing substantial deficits, while others have closed their doors altogether. Absent new funding, even more children's day treatment programs will likely be unable to survive.

Three years ago, the Office of Mental Health incentivized the addition of weekend and evening hours for children's mental health clinic providers, believing that the flexible hours would more adequately serve the needs of younger people and their caretakers. OMH also incentivized providers who participated in State-approved quality impact reviews to ensure certain performance standards were being met. While these initiatives were helpful for one setting where children and adolescents with serious emotional disorders are routinely seen – Article 31 mental health clinics – it was not applied to children's day treatment programs, despite the fact that this setting offers intensive therapeutic and educational care to thousands of children and young adults throughout the State each day. Furthermore, the mental health COLA enacted in last year's budget, while helpful to many programs and services, did not apply to the base rates for children's day treatment programs.

**We ask the legislature to make funding available to:**

- **Provide a 10% increase to the base rates of children's day treatment programs to make up for years of stagnant reimbursement; and**

- **Enable children’s day treatment programs to be eligible for the same funding increases tied to quality and evening and weekend accessibility recently offered to children’s clinic providers.**

### **Supported Housing**

The Governor’s proposed Executive Budget includes \$6.3 million for a rate increase for the State Office of Mental Health’s Supported Housing Program. Combined with increases over the previous two years, the State will have added nearly \$20 million for this important program, which has been enormously successful in reducing the number of homeless and under-housed mental health consumers in New York City. Prior to these increases, however, there had been no rate adjustment for supported housing for over a decade, during which time inflationary capital costs quickly eroded the service dollars which were designed to make this program so effective. In order to prevent another lengthy lapse between rate increases, **we ask the Senate and Assembly to pass legislation to compel the State to absorb the cost of property and property-related increases– rent, fuel and energy, maintenance and repairs, and insurance.** This legislation would help ensure that this program could continue to play a leading role in reducing the incidences of homelessness in our region.

### **Increasing Competencies of Mental Health and Substance Abuse Providers**

An overwhelming amount of evidence confirms that mental illness and chemical dependency are likely to co-occur. Yet all too often individuals with dual diagnoses are unable to access programs that comprehensively address both of their disorders.

Blended Case Management (BCM) teams regularly come into contact with this population. **The Coalition is requesting a modest allocation of \$500,000 so that BCM teams across the State could train existing team members in dual disorder competency, hire a team member with higher specialization in treating individuals with co-occurring disorders, or a combination of both.** Each BCM team carries a caseload of approximately 44 clients. With just \$500,000, the dual diagnosis competence would be increased for 2,200 recipients.

Another way to help increase the ability of providers to recognize and treat clients with co-occurring disorders is to add psychiatric hours to the staff of chemical dependency agencies. The addition of 7 psychiatric hours per week for 15 providers for a total cost of \$500,000 would allow these agencies to more accurately screen and assess for mental health disorders and thus offer a more responsive treatment regimen for the clients who need it the most. Currently, chemical dependency providers hire internists who help with medical issues related to diabetes, high-blood pressure, HIV, and many other physical disorders common to long-term substance abusers. They are not reimbursed to hire psychiatrists. **The Coalition requests a legislative addition of \$500,000 to the State Office of Alcoholism & Substance Abuse Services to allow chemical dependency agencies to assist clients with dual disorders.**

### **Add Parity Coverage for Substance Abuse Treatment**

The Coalition is delighted that a long sought after mental health parity bill was signed into law this past December, and is now in effect throughout New York State. The legislation allows millions of New Yorkers with commercial insurance broader access to mental health treatment, on both an inpatient and outpatient basis.

Unfortunately, the legislation signed in December excluded parity coverage for treatment of alcohol and substance abuse disorders. **We urge lawmakers to modify the current law to reflect the need to over parity coverage to the hundreds of thousands of New Yorkers seeking treatment for addictive disorders.**

### **Increase Funding for Geriatric Mental Health**

Current projections indicate that from 2000 to 2030 the population of older adults ages 65 and older will rise from 35 million to 70 million. In addition, the number of older adults with mental illness will double from 7 million to 14 million. As the geriatric population grows, the need for geriatric mental health services will grow as well.

Enhanced funding for the Geriatric Mental Health Act will increase capacity of the geriatric mental health system, will enhance access to effective community-based services for older adults, and will lay the groundwork for meeting future mental health needs of this population. The Governor's proposed Executive Budget continues to fund the Geriatric Mental Health Act at \$2 million. In order to ensure that mental health

providers can effectively reach out to this growing population, **the Coalition urges the legislature to add \$3 million to this initiative.**

### **SUMMARY AND RECOMMENDATIONS**

In summary, we are asking the legislature to:

- Strongly support the investments into mental health and substance abuse programs, housing and services proposed by the Governor;
- Support our broad-based effort to reform and restructure Article 31 clinic rate methodology to reflect actual costs and ensure better outcomes;
- Add funding to children’s day treatment programs to provide a 10% increase to base rates and to enable them to qualify for rate enhancements offered to children’s mental health clinics;
- Pass legislation to protect supported housing programs from annual increases in capital costs, thereby ensuring that service dollars will be directed to consumer needs;
- Add funding to increase dual disorder competencies of mental health and alcohol and substance abuse providers;
- Amend the current parity law to include treatment for alcohol and substance abuse providers
- Increase funding to develop programs equipped to work with older New Yorkers suffering from mental health disorders.

The Executive Budget is an important beginning to the accomplishment of many laudable goals. We are encouraged by the Governor’s strong commitment to the community behavioral health sector, yet much remains undone and unaddressed. We urge you, our legislators, to work with us in the budget period and in the future to restore the cuts, fill in the gaps and provide some support for initiatives that are modest but have a potential for high impact. We ask your help in supporting a

resourceful, flexible, responsive and empowering system of behavioral health care in all our communities for the children and adults of New York.

Thank you for your time here today, and I'd be happy to answer any questions you might have.