



Testimony  
of  
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Submitted to the  
Mental Hygiene and Budget Committee

The Honorable Shirley Huntley, Chair, Senate Mental  
Health & Disabilities

The Honorable Carl Kruger, Chair, Senate Finance

The Honorable Liz Krueger, Vice-Chair, Senate Finance

The Honorable Herman D. Farrell, Jr., Chair, Assembly  
Ways and Means

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## **INTRODUCTION**

Good afternoon Senator Huntley, Senator Kruger, Senator Krueger, Assemblyman Farrell and distinguished members of the committees. Thank you for allowing me the opportunity to testify before you today on the Governor's Executive Budget for fiscal year 2009-10. My name is Jason Lippman, and I am the Senior Associate for Policy and Advocacy of the Coalition of Behavioral Health Agencies, the umbrella advocacy organization of New York's behavioral health community, representing over 100 non-profit community-based mental health and substance abuse agencies in metropolitan New York City. 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 350,000 individuals each day in the five boroughs of New York City and in neighboring counties.

I am also joined by Carmen Collado, Director of Public Policy and Legislative Affairs from the Jewish Board of Family and Children's Services (JBFCS), a prominent Coalition member. JBFCS has been a trailblazer in human services treatment for more than 110 years, and today is one of the nation's largest and most respected nonprofit mental health and social service agencies. JBFCS serves over 65,000 New Yorkers annually from all religious, ethnic, and economic backgrounds through a comprehensive range of 185 community-based programs, residential facilities, and day-treatment centers.

## **Overview**

Cuts to behavioral health programs will affect some of the most vulnerable New Yorkers, most especially people with disabilities, such as those with severe and persistent mental illness (SPMI), chemical dependency and a variety of co-morbid medical conditions. In addition, New Yorkers who experience severe depression and anxiety from the harsh trials of life (such as the sudden death of a loved one, loss of a job, the impacts of spousal and child abuse) will have far less opportunity to access counseling and other behavioral health outpatient support services. In a time when the unemployment rate is rising and expected to rise even more dramatically, cuts to behavioral health services will be devastating to those individuals who need help coping with whatever situation the economic crisis brings them. For this reason The Coalition has joined “One New York Fighting for Fairness,” a 200 organization-strong alliance to advance a balanced budgetary approach to weathering the economic crisis, encouraging the State of New York to look for fair revenue alternatives instead of just making cuts to core services.

## **Revenue Raising Options**

In addressing New York State’s \$15 billion budget deficit, the 2009-10 Executive Budget fails to adequately consider fair and progressive revenue enhancement opportunities. A fiscal solution based on shared sacrifice by all New Yorkers, should include reform of New York State’s tax system to recapture lost revenue from past tax cuts. Over the last 30 years, New York State has changed the tax code by cutting income tax rates on its wealthiest citizens. As a result of these measures, more affluent families wind up paying a lower proportion of their incomes in taxes than middle and lower earners, costing New York State billions of dollars in lost revenue each year.

From 2003-2005, the Legislature endorsed a personal income tax increase by adding two new tax brackets for the top income earners. During this time period, the number of high income earners grew, and wealthy New Yorkers did not leave New York State.

In addition, while the Governor proposes higher tax rates on the sale of beer and wine, the 2009-10 Executive Budget misses the opportunity to reinvest potential revenue from alcohol sales into OASAS prevention, treatment and recovery programs. By endorsing proposals that call for higher tax rates than what the Governor has proposed, and taxing all sales of alcoholic beverages including liquor, this new source of revenue can be used to further hold back budget cuts and augment OASAS community based alcoholism programs. Furthermore, if consumers have to pay a higher price for alcoholic beverages, less alcohol might be consumed, perhaps reducing problem drinking and preventing more alcohol related illness and death.

Alcohol taxes in New York State are low when compared to the rest of the nation. Since 1991, alcohol taxes have fallen in New York State. By increasing the tax rate on beer, wine and liquor purchases, New York State will generate more revenue and possibly save lives. Every year, alcohol consumption kills about 4,000 New Yorkers and can cause liver disease, cancer, high blood pressure, stroke, car crashes, falls, suicides, crime and violence.

### **Budget Cuts to Oppose**

#### **Supplemental Security Insurance (SSI)**

The 2009-10 Executive Budget fails to preserve the safety net for SSI beneficiaries by proposing to drastically cut the State add-on for the Supplemental Security Income (SSI) program in the Office of Temporary and Disability Administration (OTDA). SSI provides income for Americans who are very poor, have little or no work

background, live with a disability or are senior citizens. During these hard economic times it is unconscionable to cut the SSI State supplement as this source of income is essential to the physical and emotional health, and wellbeing of recipients.

Over the last 20 years there have been no increases in the SSI State supplement, yet the Executive 2009-10 Budget proposes to cut the program by \$84 million in 2009-10 and \$70 million in 2010-11. Specifically, the proposed cut reduces the State monthly supplement from \$87 to \$63 (28%) for individuals living alone in the community; \$104 to \$77 (26%) for couples living together in the community; \$23 to \$7 (70%) for individuals living with others; and \$46 to \$25 (46%) for couples living with others.

Of the 600,000 New Yorkers who receive SSI, most spend their income on rent, utilities, food, clothing and other necessities. In addition, the State supplement assists individuals in paying for medical care, including deductibles and copayments. Without this vital income, individuals will suffer life changing consequences; pay for rent or become homeless, pay for preventative doctor visits or end up in the emergency room.

#### *Continuing Day Treatment (CDT) Programs*

Some in the Office of Mental Health (OMH) oppose the day treatment model by broadly claiming that all CDT programs are outdated, not recovery oriented and that consumer length of stay is inordinately long. For many of The Coalition's members, dedicated to providing CDT services for consumers who have no other option; these broad assertions are not the case.

OMH's proposed new model will be based on a half day/full day schedule, which will not support a 7 hour workday since the new full day will now equal only 4 hours. In addition, the new tiered billing structure offers a disincentive for providers to serve more

consumers, as the more service hours utilized, the greater the cut. The result is that CDT providers are being forced to restructure staffing patterns, in many cases terminating staff to comply with the terms of OMH emergency regulations. If providers shrink or merge without any viable alternative in place, some consumers are at risk of falling out of the public mental health system. As OMH endorses a transfer to a Personalized Recovery Oriented Services (PROS) program for New York City, a partnership with the local government unit needs to be developed in order to ensure a safe transition for consumers.

During these times of economic crises when startup dollars will not be readily available, PROS programs require high capitalization costs involving technology and staff changes. Some PROS programs from other parts of the State reported a drop-out rate as high as 30% of consumers that transition from their programs to PROS.

#### *Residential Treatment Facilities (RTF)*

The 2009-10 Executive Budget proposes to save \$1.1 million by deferring the Residential Treatment Facilities (RTF) trend factor for one-year in the Office of Mental Health (OMH). This proposal will require non-profit mental health organizations to wait three years for their services and operating costs to be fully reimbursed rather than the current two year waiting period.

In New York State, OMH licensed Residential Treatment Facilities must wait two years to receive payment for services rendered. The current reimbursement methodology requires non-profit providers to lay out the total cost of operating the program (clinical treatment, prescription drugs, salary, benefits, personnel, capital, food, heating, cooling and maintenance costs) and wait for two years for a reconciliation of actual expenditures. The rate is then trended slightly for inflation.

In 2007, OMH mandated that RTFs contract for 24-hour on-call services of child psychiatrists and physicians *solely for the purpose of authorizing physical holds*. This mandate does not enhance the quality of care for children and adolescents. Furthermore, this mandate exceeds Federal requirements which allow other licensed medical professionals, such as nurses, to fulfill this role. Currently, all RTFs employ nurses that are on staff 24 hours per day. In order for non-profits to comply with the mandate, OMH provided a supplement in excess of \$2.3 million.

#### Personal Needs Allowance (PNA)

The 2009-10 Executive Budget proposes cutting the personal needs allowance (PNA) for public assistance recipients who reside in OASAS chemical dependence treatment facilities provided by the Office of Temporary and Disability Assistance (OTDA). The personal needs allowance program grants funding to cover all non-food expenses like clothing, transportation to job interviews and medical appointments, and personal hygiene supplies.

The personal needs allowance cut only impacts recipients who reside in OASAS's chemical dependence treatment facilities. It specifically targets 7,000 people with addictive disease, who rely on public assistance to meet their basic needs. The total cut amounts to \$4 million in 2009-10 and \$5 million in 2010-11. Since recipients in OASAS chemical dependence treatment facilities will see their monthly personal needs allowance fall from \$142 to \$45 (68%), many will choose to leave treatment programs prematurely in order to meet their financial needs. The Coalition also feels that the cut will deter people from entering treatment programs, increasing the potential for relapse and costing the State more in emergency services.

## **SUMMARY**

We ask the legislature to once again champion our compelling issues during the upcoming budget negotiations. On behalf of the 120 agencies that we represent throughout New York City and neighboring counties, the Coalition respectfully urges this Committee and this Legislature to:

- Ensure that revenue is raised to protect core services so that the poorest New Yorkers are not bearing the brunt of the economic downturn. Such a consequence would be hurtful for the most vulnerable among us, hurtful to communities and hurtful to the State of New York.
- Raise revenue and protect the social safety net by: (1) implementing a progressive tax system that increases the personal income tax on the State's highest earners; and (2) increasing taxes on beer, wine and liquor sales to fund OASAS community based prevention treatment and recovery programs.
- Protect the social safety net for SSI recipients by rescinding the cut to the SSI state supplement.
- Eliminate the regulatory mandate to contract for 24-hour on call services of child psychiatrists and physicians that resulted in Medicaid rate increases in excess of \$2.3 million and reallocate the funding for restoration of the RTF trend factor.
- Restore the \$4 million cut to Continuing Day Treatment Programs in fiscal year 2009-10 and pursue flexibility towards services in context of CDT programs. Provide adequate support for programs designed to serve specialized populations such as dependent, geriatric and AOT

consumers. Explore a PROS system that offers alternatives appropriate to the needs of providers in the New York City, and make available transitional support for these providers during systemic changeover.

- Restore the personal needs allowance for OASAS public assistance recipients to \$142 per month.

Thank you for your time today. I am available to answer any questions you may have.