



Testimony of
Meggan Christman, Policy Advocate
Coalition of Voluntary Mental Health Agencies, Inc.

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Most Integrated Setting Coordinating Council (MISCC)

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The Coalition of Voluntary Mental Health Agencies, Inc.
90 Broad Street, New York, NY 10004-2205
ph. (212) 742-1600; fax (212) 742-2080
mailbox@cvmha.org; www.cvmha.org

Thank you for allowing me the opportunity to present to you today on the State's provision of services to people with disabilities. My name is Meggan Christman, and I am a Policy Advocate of the Coalition of Voluntary Mental Health Agencies, the umbrella advocacy organization of New York's mental health community, representing over 100 non-profit community-based mental health agencies in New York City and surrounding areas. 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 clients in the five boroughs of New York City and its environs.

We are pleased that elements of the Governor's proposed budget for State Fiscal Year 2004-2005 recognize the importance of providing services, treatment and housing to mental health consumers in the most integrated settings. We support his proposal to add 600 new units of supported housing (many of which will be located in New York City, where the need for housing is tremendous). We support his proposal to allocate \$9.1 million to community residences, CR/SRO's, and RCCA's for staff retention/development. Finally, we support his proposal to redirect \$2.6 million in savings from underutilized children's mental health beds into community-based settings.

The Coalition joined with seven other State wide advocacy agencies in calling for a bi-partisan blue ribbon commission to examine the feasibility of future State

psychiatric bed closures and the redirection of funds into the community mental health system, where the majority of consumers receive their care. We recognized that New Yorkers cannot continue to finance and maintain underutilized facilities, particularly those that require costly capital upgrades. And while we understand that the formation of this commission will not take place this year, we urge the Governor and the legislature to work together to improve the quality of life for adults and children with serious mental illness who live in the community.

This is particularly important as the community based mental health system continues to strain from chronic under-funding and rising expenses. Without a long-term solution, contract dollars, fees and other reimbursements will fail to keep pace with the cost of inflation – the cost of rent; the cost of insurance; and the cost of recruiting and retaining a high quality workforce that provides increasingly complex treatments and services to a more needy population.

Very simply, the State must ensure that existing programs are adequately funded, and that sufficient capacity exists to meet the needs of mental health consumers to ensure they can move through the system to the most appropriate settings.

The Coalition would like to address several areas that we believe would enable the State to more fully comply with the spirit of Olmstead.

Supported Housing. The cost to provide Supported Housing and other community residential services has far outpaced increases to contract rates. A failure to account for the cost of rent and increasingly complex services has led programs to the brink. At current rental rates, providers will no longer be able to afford apartments for their clients, and existing tenants may face eviction and a return to much more expensive institutional settings, such as the homeless shelter system.

The Coalition is presently gathering data from our Supported Housing providers concerning this issue, and a preliminary analysis reveals that providers faced massive rental increases -- in one case, 14% over the past two years and 26% over the past four. Another provider reports that the rising cost of insurance, utilities and administrative fees was eating into the social service dollars that are so important to the men and women living in Supported Housing. Nearly all report that they will be unable to sustain their units for much longer without an immediate rental increase from OMH.

In order to preserve existing units of housing, including the 600 new units proposed by the Governor in his most recent Executive Budget, OMH needs to immediately establish a structural trended rate increase for the Supported Housing program. The Coalition recommends increasing OMH's housing allowance in the same percentage as the average yearly rent hikes proposed by New York City's Rent Guidelines Board. Absent such a trended rate increase, it will become increasingly difficult for

the State to ensure that homeless mental health consumers are receiving services in the most integrated settings.

The Coalition strongly urges the State to fund the 600 new Supported Housing beds proposed in the Governor's Executive Budget at a rate that more closely reflects actual rental rates. Merely funding them at the existing rate will only further perpetuate the problem faced by so many housing providers throughout the State, particularly here in New York City.

Children's Mental Health. The crisis in children's mental health services is far from resolved. Regulatory restrictions on capacity expansion, under-funded programs and decreasing numbers of available professional staff, such as psychiatrists, to deliver mental health services continues to result in leaving many children and families behind who are in desperate need of mental health treatment services.

While the Governor's budget proposes redirecting funding from underutilized children's inpatient beds into community based services, a great deal more needs to be done. Fiscal and regulatory support is needed for capacity expansion for community mental health agencies delivering outpatient mental health services to children and families. Given the unmet needs and crisis in children's mental health, support should be provided to outpatient programs to engage in a multi-year initiative to enhance treatment services for children and adolescents with serious emotional disturbances and their families. Mental health agencies should be

permitted to participate in demonstration projects that allow the provision of services at off-site satellite locations so that mental health services can be delivered in environments easily accessible to children and families.

Medicaid Neutrality & the COPS Cap. Current regulations surrounding the Comprehensive Outpatient Services Program (COPS) and Medicaid Neutrality end up capping any increase in spending and expansion of mental health services without regard to need. These restrictions have the effect of creating lengthy waiting lists for consumers, particularly children. Sadly, some consumers end up back in psychiatric hospitals, shelters or prisons while they await community based mental health services.

The Medicaid Neutrality cap effectively puts a limit on the amount of State spending for mental health services. It is applied to mental health services alone among the health disciplines. In essence, the State has placed a moratorium on expansion of outpatient mental health services unless an agency or provider identifies alternative funding sources to cover the anticipated increase in spending of the State share of Medicaid.

The COPS cap is also very limiting. In the early 1990's, OMH granted a supplemental rate to agencies which had converted to a Medicaid model, in the hopes that these agencies would be able to treat consumers who were not Medicaid-eligible. This supplement was capped at a fixed dollar amount, regardless

of caseload or cost of providing services. Hence, in 2004, providers are struggling to adhere to financial constraints instituted over ten years ago. This restraint dissuades providers from being able to increase their caseload, and forces more consumers onto waiting lists.

In summary, the Coalition believes the State is moving in the right direction in terms of shifting resources to community-based settings, but until these resources are adequately funded and restrictive regulations are re-examined, it will continue to be very difficult for mental health consumers to move into the most integrated settings appropriate to their needs. We look forward to working with the State and with this Council to protect the vitality of the community mental health sector and help consumers receive the treatment, services and housing they so desperately need.