



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

on the 2006-2007 Executive Budget Proposal

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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 Phillip Saperia, and I am the Executive Director of the Coalition of Voluntary Mental Health Agencies, the umbrella advocacy organization of New York City's mental health community. The Coalition represents over 110 non-profit community-based mental health 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.

ALBANY AGENDA

During the course of the year, the Coalition, in consultation with our diverse membership, develops an “Albany agenda” in preparation for the new legislative session. We look at areas of the sector that need assistance, either regulatory or financial, to ensure that providers can continue to offer effective and empowering services to their clients each day. We examine funding streams that need re-tooling to better reflect the economic environment in which programs are forced to operate. We promote programs and models that work with special populations like children and the aged to ensure they receive carefully tailored services that most accurately meet their unique needs. And when we've finalized our Albany agenda by mid-Fall, we reach out

to the executive and legislative branches and advocate on behalf of New York City's community mental health sector.

GOVERNOR'S SFY 2006-2007 EXECUTIVE BUDGET

I am pleased to note that the Governor's SFY 2006-2007 Executive Budget addresses many of the most salient issues about which our membership is concerned. I'll mention just a few of the proposals included in the Governor's budget that have the most direct impact on our providers, as well a few items that were not included and that deserve your collective attention.

3-YEAR COLA

The proposed three-year COLA tied to the Consumer Price Index (CPI) for virtually all non-trended mental health programs is a welcome development for the sector. Potentially, this proposal will infuse nearly \$31 million of desperately needed funding into the community mental health sector in each of next three years. The Coalition has long argued that funding for many OMH-funded programs and services is stagnant while the expenses incurred by providers increase each year. We are delighted that the Governor and OMH Commissioner Sharon Carpinello took steps in this year's budget to address this problem, and we ask you to support this initiative in your forthcoming budget negotiations. It is clear that the Governor has acknowledged the need for ongoing rate increases for the community mental health sector that follow inflationary trends.

Accordingly, we will continue to press for a permanent reimbursement mechanism that more accurately and predictably reflects the cost of doing business in New York. Unlike other healthcare sectors -- even other behavioral healthcare sectors -- *community mental health agencies do not receive a trended increase to help them keep up with the rising costs of providing service.* The Coalition is currently in the development phase of a concept paper that will provide the basis for a structural means of tracking inflation for community mental health programs. We urge you to work with us and the Governor's Division of Budget to restructure the manner in which 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

We join many of our colleagues throughout the State in praising the Governor's proposal to add \$62 million to fund a comprehensive and thoughtfully crafted children's mental health initiative. This proposal would literally double the number of clinic visits for children and adolescents while giving these clinics the ability to more pro-actively reach out to young people in crisis, including those in non-traditional settings. It would fund 300 new Home and Community Based waiver slots to allow young people to receive desperately needed treatment and services at home and in schools. It would reach out to children in rural settings who might otherwise go undiagnosed and untreated. And it would enhance existing programs by over \$6 million a year, courtesy of the aforementioned COLA. Very simply, this initiative represents a concerted effort by the State and OMH to address what has been for years a chronic deficiency in the mental

health system – the delivery of services to a historically underserved population; namely, children, adolescents and their families. Please support this initiative.

MENTAL HEALTH HOUSING

One of the most successful avenues for reducing episodes of homelessness and hospitalization among mental health consumers is OMH's Supported Housing program. Combining a rent stipend with a social service component, this program has helped stabilize thousands of previously undomiciled mental health consumers and usher them along a path to recovery and rehabilitation. Sadly, funding for this program is fixed and is therefore unable to accurately respond to inflationary costs incurred by providers. Many of our members who provide supported housing in New York City are forced to use the entire grant just to cover annual rent increases of 5%-10%, leaving little if any funding to pay for the equally important social service component. This is particularly troubling because clients are increasingly presenting with lengthy histories of homelessness, hospitalization and incarceration.

Last year's budget included a rate increase of \$6.5 million to assist supported housing providers in areas of the State where the housing expenses are highest and the need for fiscal relief was greatest. We are delighted that the Governor's proposed Executive Budget once again includes a rate increase of \$6.5 million to help shore up this enormously effective and important program, and we ask the legislature to support this proposal.

We are equally delighted that Governor Pataki and Mayor Bloomberg agreed last November to invest \$1 billion over ten years to fund 9,000 new units of supportive housing for homeless or at-risk individual and families, many of whom suffer from psychiatric disabilities. The historic New York/New York III Agreement will greatly reduce the incidences of chronic homelessness and offer comfort, stability and rehabilitative services to scores of New Yorkers who currently bed down on our streets, in our parks and in the public shelter system. We thank the Governor and the respective Commissioners who worked so diligently to accomplish this goal.

MEDICARE PART D

The transition of prescription drug coverage for 500,000 poor and disabled New Yorkers from the Medicaid system to the new Medicare Part D Prescription Drug program is of great concern to the Coalition. Early reports indicate that these individuals, known as dual eligibles because they qualify for both Medicaid and Medicare, are experiencing great difficulty in obtaining life sustaining medication through the new program. In particular, individuals with psychiatric disorders are repeatedly running up against barriers accessing medications that prevent decompensation and the likelihood of costly hospitalization.

The Governor's proposal would temporarily extend Medicaid coverage for those dually eligible individuals unable to access prescription drugs through the Medicare Part D program, and who have been denied an appeal to the Plan. Beyond the six months, however, the proposal would only cover those drugs associated with the treatment of

mental illness, HIV/AIDS and the after-effects of organ transplant surgery. While these conditions are indeed unique and deserve special attention, other medical conditions that require prescription drug regimens would be left uncovered. It makes little sense to treat an individual for his mental illness but leave other health related ailments unaddressed, particularly given the likelihood for co-morbidity of diabetes or heart disease among mental health consumers. We strongly urge the Administration to reconsider this proposal and include all pharmaceuticals beyond the initial six months.

Left entirely unaddressed in the Governor's budget is the issue of co-payments for prescription drugs. It is not uncommon for dual eligibles to take five or six or even seven drugs each month, with the most extreme cases taking as many as twenty. At \$1-5 per drug, the monthly drug expense for this population will be overly burdensome, particularly for those New Yorkers living in licensed housing and who have very little available spending money. Previously, pharmacists were required to dispense medication to these individuals, regardless of their ability to pay.

The Coalition is joining with its advocacy colleagues around the State in asking the legislature to cover the cost of co-payments for dually eligible New Yorkers who might otherwise be forced to choose between their prescription drugs and other basic needs like food and rent.

RESTORATION OF SFY 2005-2006 MENTAL HEALTH PROGRAM CUTS

Last year's State budget included a cut of \$3.9 million to community mental health programs throughout the State. The State left the decision about how the cuts should be taken to the counties. In New York City, this amounts to nearly \$2 million in cuts to critical programs that serve mental health consumers in a variety of settings. A few weeks ago, the City's Department of Health & Mental Hygiene issued letters to community mental health providers warning them about these impending cuts. This has understandably led to a great deal of anxiety and worry in the sector, which was forced to absorb even deeper Aid to Locality cuts the year before.

The Coalition asks the legislature to restore this cut in the upcoming budget to preserve vital mental health programs for New Yorkers in need.

CO-OCCURRING DISORDERS

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.

SUMMARY AND RECOMMENDATIONS

In summary, we are asking the legislature to:

- Strongly support the three-year COLA for virtually all community mental health programs;
- Strongly support the \$62 million comprehensive children’s mental health initiative;
- Strongly support the \$6.5 million Supported Housing rate increase;
- Urge the Governor to extend the State’s Medicaid prescription drug coverage for dually eligible New Yorkers beyond six months;
- Cover the cost of co-payments for dually eligible New Yorkers enrolled in the Medicare Part D Prescription Drug plan;
- Restore the \$3.9 million cut to community mental health programs included in last year’s Executive Budget; and
- Fund a \$500,000 initiative to add dual disorder competence to the State’s Blended Case Management teams.

The Executive Budget is an important beginning to the accomplishment of many laudable goals. We are encouraged by the Governor’s ongoing commitment to the community mental 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 initiative that are modest but have a potential for high impact. We ask your help in supporting a resourceful, flexible, responsive and empowering system of mental 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.