



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 2004-2005 Executive Budget Proposal

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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 offering testimony today on behalf 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.

Even as the State wrestles with closing a \$5 billion deficit, there are encouraging developments in the Governor's Executive Budget proposal as it relates to community mental health. For instance, the proposal to redirect \$9 million to stabilize community residences will help providers retain and, when necessary, recruit additional front-line staff to provide critical social services to their consumers. Evidence has shown that consumers are more likely to respond to treatment and pursue rehabilitation when there is continuity and reliability in the staff that treats them.

The proposal to add 600 new licensed supported housing beds will help ease the crisis of homelessness at a time when the number of undomiciled New Yorkers is at an all time high, particularly in New York City. We applaud the redirection of \$2.6 million from closing children's hospital beds to supporting mental health services to children in

natural community settings, including homes and schools. We also strongly commend the addition of \$7 million to help provide treatment and services to the forensic mentally ill population.

However, the Executive Budget proposal also carries several items that are of serious concern to the Coalition and our membership. Chief among these concerns is the proposal to cut \$7.7 million from a slew of critical programs to children and adults. What are these programs? They are the job development services that link thousands of consumers each year to gainful employment throughout New York State. They are the Family Support Services that allow children to receive wrap-around mental health services outside of institutional settings. They are the Multicultural Initiatives that allow providers to reach previously underserved communities and ensure that their needs are met in an effective and culturally-sensitive manner. And they are the crisis outreach teams and drop-in centers, which offer respite and comfort to scores of homeless New Yorkers living on our streets and in our parks, even in these cold winter months. These programs and others like them have been termed “non-essential” by the Executive; we respectfully but strongly disagree. They are quite essential. In fact, these programs offer hope, stability, recovery and effective rehabilitation to consumers in every corner of the State. **We urgently call upon the legislature, in your upcoming negotiations with the Governor, to restore the \$7.7 million cut and save these critical programs.**

We understand the Executive Budget envisions a 50-50 split in the way reinvestment funds from prospective hospital closings are allocated. In order to ensure continuity of services for consumers previously served by a particular psychiatric hospital, fifty percent of the savings would be allocated to State-run community services in the hospital's catchment area. We understand that the other fifty percent would be fully allocated to the community mental health system for use throughout the State. We applaud this formula in as much as it keeps mental health dollars in the community rather than assigning them to the general fund, and call upon the legislature to help ensure that a portion of these reinvestment funds be reserved for workforce development in the voluntary community mental health system.

The need to carefully utilize reinvestment dollars speaks to the current lack of infrastructure support in the community mental health system. Year after year, providers are forced to shift fixed contract reimbursement dollars away from the provision of services and treatment, and towards rising rents, inflation, insurance costs, workforce demands and other cost escalators. Creative management can take cost cutting and efficiencies only so far without impacting on the quality of service delivery. 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.* An annual trended rate adjustment would reflect more accurately and predictably the cost of doing business in New York, and would help to stabilize agencies and their mental health workforce, a key factor in consumer rehabilitation and recovery.

One example of where an annual trended rate adjustment would be extremely beneficial is in the case of OMH's Supported Housing program. Currently, providers receive a fixed contract amount from OMH to rent apartments and provide social services for their consumers, who contribute a modest amount from their own income (typically SSI or SSD) towards the rent. As the rents increase for the apartments, however, providers are forced to divert resources away from social services in order to stave off evictions for their consumers. Whereas providers spent approximately 54% of their OMH contract amount on rent in 1990, they now spend up to 80% of their contract on housing expenses. As a result, grossly inadequate funding remains for casework and services. Both are enormously important components in a provider's ability to promote treatment, stability and recovery.

One way to remedy this problem in the short term is to increase SOMH's housing allowance in accordance with the yearly rent increases suggested by the NYC Rent Guidelines Board. In the past two years, the average increase for a one-bedroom apartment recommended by the Board is 4%. An increase of that amount by SOMH to providers would yield an **immediate infusion of \$3.3 million**, which would allow the continued provision of safe housing and effective services rather than eviction papers and a return to the more costly and debilitating emergency shelter system. One suggestion is to use a portion of the funding for the proposed 600 new units of supported housing, which we understand will be funded at the current insufficient rate, to instead help close the gap between OMH's housing subsidy and the actual rental

rates across the state. Going forward, the State must find a way to compensate providers for the yearly rent increases. Absent such a mechanism, this nationally recognized model for homeless consumers of mental health might disappear.

Another area where the infrastructure of the community mental health system could be strengthened is in the provision of services to consumers suffering from both mental illness and chemical dependency. Given the overwhelming evidence that these two afflictions are likely to co-occur, it is vital that case management teams are properly trained and equipped to diagnose and treat consumers with dual diagnoses. In order to expand the dual diagnoses capacity of existing services, we recommend allocating \$10,000 to each of the State's 50 Blended Case Management teams, which would allow these mobile units to more effectively serve consumers with mental illness and chemical dependencies in natural community settings such as the home and in schools. **This total allocation of \$500,000 would ultimately allow providers to treat consumers suffering from dual diagnoses in a more effective and holistic manner, and we urge the legislature to support this modest initiative.**

We applaud the Acting Commissioner's concern for the plight of children suffering from emotional disturbance. We also are acutely aware of the deficiencies that exist in children's mental health services throughout the State. Specifically, two recent studies found that children in need of mental health services often had to wait up to six weeks to receive initial treatment in the Bronx, and seven weeks in Westchester.

To address these and other structural problems, we are working in partnership with foster care and children's advocacy associations to develop a comprehensive, multi-year plan to enhance outpatient mental health services to children and adolescents. **This initiative, which will cost \$1 million in the first year, will expand capacity to provide state-of-the-art children's mental health treatment, largely by allowing children to receive outpatient services in their homes and other community settings.** We are hoping that demonstration projects can be launched that will provide mental health services for kids in foster care boarding homes, treatment for co-occurring disorders for adolescents exiting the juvenile forensics system, and enriched school-based services.

Finally, we would like to add our voice to the over 100 other organizations and countless thousands of New Yorkers throughout the State who are calling **for mental health parity** in the upcoming legislative session. Limiting the number of outpatient and inpatient mental health visits each year forces New Yorkers to forgo treatment altogether or relinquish their loved ones to the custody of the State. It is not logical from a treatment perspective to ignore the dynamic interaction between mental and physical health. It is wrong from a social justice perspective to treat New York residents with mental health and emotional problems as second-class citizens. Thirty-three other states have adopted parity legislation, and we encourage New York to do the same.

In summary, we are asking the legislature to:

- Restore \$7.7 million in local assistance for essential community based services;
- Assure that monies saved from inpatient bed reductions will be reinvested--in greater part--in community services;
- Join us in a planning process to develop a mechanism to support infrastructure and workforce retention and development in community mental health;
- Provide an infusion of \$3.3 million to shore up supported housing;
- Appropriate \$500,000 to supplement Blended Case Management teams and buttress treatment to those with co-occurring psychiatric and addictive disorders;
- Adopt a multi-year plan for expanding children's mental health services and provide \$1 million in the first year to begin several community demonstration projects;
- Support legislation for parity for mental health services.

The Executive Budget is an important beginning to the accomplishment of many laudable goals. Yet, much remains undone and unaddressed by the Executive. We urge you, our legislators, to work with us in this 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 to support a resourceful, flexible and responsive system of mental health care in all our communities for the children and adults of New York.

Thank you for your time here today.