

**The
Coalition**

of Voluntary

Mental Health

Agencies, Inc.

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

on the 2003-2004 Executive Budget Proposal

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Chairman Johnson, Chairman Farrell, distinguished committee members, good day. My name is David Bergman. 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. Our members constitute a broad cross section of agencies in New York City—from large to small, rehabilitation-oriented to residential—serving more than 300,000 clients in the five boroughs of New York City and its environs.

In this incredibly difficult fiscal environment, we believe that the Executive Budget proposal is a creative and constructive means to preserve capacity in the community mental health sector. The strategies it employs will clearly minimize the impact of the State's poor budget climate on people with mental illness. The Governor has built on the hard work of last year in which the Executive, the Assembly and the Senate passed a much-needed boost to the community mental health workforce. This new budget preserves and annualizes the Cost of Living Adjustment and Medicaid fee adjustment passed by the Legislature last year. The Governor has introduced a new Reinvestment bill in fulfillment of his promise from December, and has made available capital funds for the development of important—and urgently needed—community residential units. In addition, this budget would fund housing and new services for children, addressing a continuing deficiency and unmet need in the area of community mental health care for children.

Even with these significant measures, it is important to note that serious gaps remain in the community-based mental health system. For many years, the community mental health sector has gone without regular increases to counteract the rising cost of providing services. The Executive

budget proposal, while promising, does not address the structural deficits in the system, that have been caused by years of neglect. As a result, community mental health services continue to be eroded. Contract dollars fail to keep pace with the cost of inflation, the cost of rent; the cost of insurance; and fail to keep pace with the cost of providing increasingly complex treatments and services.

In the ongoing conversation about budget and financing that will ensue among the Executive, the Senate and Assembly, these structural deficits must be addressed. As a member of the Mental Health Action Network, MHAN, a consortium of mental health advocacy organizations, The Coalition urges that last year's very much needed COLA and Medicaid fee increases be separated from the closure of three state psychiatric hospitals. These increases are essential to the health and vitality of our workforce and should in no way be jeopardized by the separate decision about our inpatient psychiatric hospital system. We ask the legislature to affirm this separation and to make it explicit.

We are pleased that Governor Pataki has reintroduced Reinvestment, the legislation that captures for the community mental health sector the savings from the elimination of state psychiatric hospital beds. However, we are concerned that the implementation time-line will divert funds needed in the mental health sector. Reinvestment is sound methodology. We hope that an agreement will be reached to keep mental health dollars in the mental health sector and implement Reinvestment this year.

The Governor's Reinvestment legislation also takes the historic step of explicitly preserving children's resources for the expansion of children's community-based services. We join our colleagues in the Children's Mental Health Action Network in supporting the application of Reinvestment to the community-based children's mental health services

sector—specifically regarding the funding of children’s community services through the closure of Bronx Children’s Psychiatric Hospital. Similarly, we believe the Legislature should adopt the 10% set aside for children in the plan to create 2,000 community beds for people with mental illness.

Regarding housing, the deficiency in the infrastructure of the community mental health system is particularly acute for a scattered-site residential program for people with mental illnesses called Supported Housing. Begun in 1990, Supported Housing combines funding for supportive services with rent subsidies for apartments that are obtained on the open market. The program, by and large, has been a great success—both as a low-cost alternative to more intensive housing programs, and in terms of the independence and stability it provides to consumers seeking long-term housing.

When created in 1990, Supported Housing assumed that \$550 per month was adequate for a one-bedroom apartment in the New York City area. Over the last ten years, rents, insurance and other costs have dramatically outpaced the modest increases that have been received for Supported Housing.

In the Fall of 2000, the difference between HUD’s Fair Market Rent and the Supported Housing rent allocation was at an all-time high of \$260 per month. Today, the difference between the Supported Housing rate and HUD’s Fair Market Rents is even greater than it was in 2000. By next year, that difference will be \$284 each and every month. We need relief to support the infrastructure for this vital resource.

But the housing need is not just in infrastructure; it is in capacity, too. Although there are various estimates as to the need for residential services for people with mental illness, there is no current list of people waiting for a bed to open. In order to affect proper planning and to monitor the efficacy of our system, the State Office of Mental Health should be required to

maintain a list of people with psychiatric disabilities who have applied for, and not received, community-based housing with mental health supports.

We join our colleagues in hoping that the Legislature will fund the New York/New York III proposal for the creation of housing and services for homeless individuals with mental illness. Shelter use is skyrocketing and already surpasses the levels that precipitated the first New York/New York agreement.

We believe that the thousands of residents of adult homes need and deserve proper care in appropriate settings. We hope that solutions will be devised to address their needs that will involve the creation of additional housing units and the strategic use of case managers.

We think the Executive Budget proposal is a creative way to preserve capacity in the life-giving system of community mental health supports and services. It also provides for the development of new housing for adults and children, funding for an on-going COLA and a Medicaid fee increase and the re-introduction of Reinvestment. The overriding message in this budget is that mental health recipients have major needs that must be addressed even in the current difficult budget climate.

To this we say, “We agree”. We agree that adequate services must be funded in a way that reflects the costs of delivering those services. We agree that there is a fundamental need for attention to the infrastructure of the mental health sector—for rent and for utilities and to retain high quality workers. We agree that there is a need for more and sufficiently funded community-based mental health housing. We agree that Reinvestment is vitally important to the maintenance of our system of care.

The Executive Budget is an important beginning to the accomplishments of these laudable goals. We urge you, our legislators, to work with us in this budget period and in the future to continue that promise and to carry it further. 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.