



Testimony of  
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At the Hearing on the Mayor's Fiscal 2005 Preliminary Budget

The Committee on Mental Health, Mental Retardation,  
Alcoholism, Drug Abuse and Disability Services

Hon. Margarita Lopez, Chair

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Chairwoman Lopez, distinguished members of the Committee, thank you for allowing me the opportunity to testify before you today on the Mayor's Fiscal 2005 Preliminary Budget. My name is Phillip A. Saperia, and I am the Executive Director 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.

Before I begin my discussion of the cuts included in the Mayor's Preliminary budget, allow me a moment or two to describe the current state of the community mental health sector 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*. Year after year, providers are forced to shift fixed contract reimbursement dollars away from the provision of services and treatment, and towards rising rents, inflationary add-ons, insurance costs, workforce recruitment, retention and training costs and other cost escalators. Creative management can take cost cutting and efficiencies only so far without impacting on the quality of service delivery.

To further compound the difficulty faced by providers of community-based mental health services in remaining financially viable, the Governor's Executive Budget proposal for State Fiscal Year 2004-2005 includes a cut of \$7.7 million in aid-to-localities, a large portion of which will be assigned to New York City. These cuts would cripple programs such as psychosocial clubhouses; homeless outreach and drop-in centers, and school-based mental health services for our children – programs that are, in short, essential both for the consumers and families who depend on them, and for the overall quality of life in all of our neighborhoods throughout this city.

Finally, over the next several months virtually the entire community mental health system will undergo a wholesale conversion to a Medicaid-reimbursement service delivery model known as PROS (Personalized Recovery Orientation System). The impact of such a radical overhaul is as yet unknown, but there is every reason to believe that smaller, neighborhood-specific agencies that lack experience in billing Medicaid for services might be rendered financially unstable and forced to close their doors.

In a system, then, that is struggling to maintain financial viability in the face of inflationary expenditures, that is faced with nearly \$8 million in cuts to critical programs for children and adults, and that is about to undergo a fundamental change in the way mental health services are compensated across the State, it is disheartening to learn that the Mayor's Fiscal 2005 Preliminary Budget once again contains cuts to the community mental health system. For the last two years, Chairwoman Lopez's strong and unwavering leadership has enabled this Committee -- and by extension the full

Council -- to stand up for New Yorkers in need, and it is our hope that you can once again move to fully restore these critical programs in the negotiated budget.

Our member agencies will go into much greater detail today about the impact of the proposed cuts on their programs, but let me just say that these programs and others like them provide real hope, real opportunity and real success stories for the consumers who utilize them each day. Whether it is the comforting and therapeutic environment of a psychosocial clubhouse operated by the Postgraduate Center; a 24-hour suicide prevention hotline faithfully operated each and every day by Samaritans NYC and serving over 30,000 New Yorkers each year; or an East Village homeless shelter operated by CUCS that ranks first in “placements per bed” among similar facilities virtually every year, these programs are critically important if this city hopes to re-integrate New Yorkers living with psychiatric disabilities back into society. We cordially invite you to visit these programs or any one of the hundreds of others operated by our members so that you might see for yourself the effective, efficient and empowering manner in which these services are delivered each and every day.

In addition to funding cuts to several of our member agencies, the Coalition’s Professional Learning Center has been targeted for a reduction of \$100,000, which would eliminate this program altogether. This funding allows the Coalition to provide “hands-on” technical assistance and training to community mental health agencies on issues that have direct financial and regulatory consequences to them and, consequently, to the people they serve. This is precisely the type of training and

education that is not provided by SOMH and DOHMH and is financially prohibitive for individual agencies to sponsor themselves. This is the education and training that keeps agencies functioning as they continue to be forced to operate in new regulatory, funding and legal environments. Since 1998, we have trained thousands of behavioral health care workers, from peer advocates to executive directors, on a variety of different topics that include managed care, legal issues in health care, cultural competency, corporate compliance, and most recently, the federally mandated HIPAA (“Health Insurance Portability and Accounting Act”) regulations.

In fact, becoming compliant with the new HIPAA regulations is among the most pressing needs of our member agencies, which face penalties or loss of income if they fail to accommodate these new complex requirements. In response, the Coalition developed and implemented training programs and resource guides on HIPAA regulations, and most recently we were instrumental in persuading the New York State Department of Health to further extend their HIPAA Transaction and Code Set compliance date beyond the middle of February. This necessitates an overhaul of billing and reporting systems. If the agencies don’t get it right, they lose revenues to keep the programs in operation. We have to help them get it right.

Finally, it is always the concern of the Coalition and of our members that the Division of Mental Hygiene (DMH) not bear a disproportionate share of any overall funding cut to the Department of Health & Mental Hygiene (DOHMH). Local Law 22 of 2002 in fact clearly delineates the formula by which the Department is allowed to seek

funding reductions in DMH to ensure the survival of critical programs that assist New Yorkers living with psychiatric disorders, developmental disabilities, and/or substance abuse histories. As the City Council moves forward in this budget process, we urge you to remain vigilant. We need you to protect the merger agreement that would preserve the integrity of the mental health dollar. We need you to protect the agreement for parity in funding between health and mental hygiene. We need you to scrutinize the DOHMH budget and make sure that resources are invested where they belong—that vital community programs are protected and that people with mental health needs receive the services they have been promised and deserve.

Over ninety percent of mental health consumers receive their care through the community based mental health sector. Yet it is becoming increasingly difficult for providers to preserve existing levels of service to New Yorkers living with psychiatric disabilities when the corresponding funding streams are under constant attack at all levels of government. On behalf of the over 100 agencies that we represent throughout New York City and its environs, the Coalition respectfully urges this Committee and this Council to restore the cuts proposed by the Mayor in the Preliminary Budget. I thank you for your time today and I am available to answer any questions.