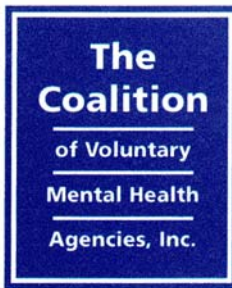


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Community Mental Health Services

New York State Budget Fiscal Year 2003

A Briefing Book

February, 2002

Budget Actions Needed

- ▶ **A 5% cost of living adjustment for each of the next three years for all mental health budget lines and a 10% Medicaid increase.**

Cost to provide services to adults and children has far outpaced reimbursement rates to community based agencies which have become the bedrock of the state's mental health system. The low service dollars have caused rampant staff turnover that averages as high as 54%. This has a direct and deleterious impact on the quality of care, particularly for those who rely on the services. A multi-year COLA and the Medicaid fee increase will fortify the infrastructure and allow for a restoration of the quality of care.

- ▶ **Reinstate Reinvestment II**

The landmark 1993 legislation, popularly known as Reinvestment, called for transferring the savings from downsizing of State-run psychiatric hospitals to the community mental health sector. The expiration of this legislation on September 30, 2001 threatens to rob the system of scarce funds at a time when the need could not be greater. Retroactively reinstating Reinvestment and designating the funds for workforce moving forward will allow the capture of \$35 million, and will fulfill the State's promise to keep those savings in community mental health.

- ▶ **Keep mental health Medicaid in the mental health sector**

The Governor's FY 2003 budget proposes diverting up to \$25.4 million (by Coalition estimates) from the mental health sector in the event of an increase to the federal Medicaid percentage. With chronic underfunding of workforce and infrastructure, the community mental health sector cannot afford to subsidize unrelated items with funds that are earned in the mental health sector.

- ▶ **Restore state shared staff positions**

The State made an original commitment to fund 215 direct care staff that are "shared" to serve clients through local government and non-profit programs in the community. The loss of 60 positions (30 cut by the Legislature in the final 2001-02 Budget, and 30 cut in the Governor's 2002-03 Executive Proposal) directly affects agency billing revenue and client access to treatment. The restoration of these 60 positions is required to preserve essential services to adults and children in our communities statewide.

Stabilizing the base of community mental health: keep mental health dollars in mental health!

The on-going problem of high turnover and deteriorating service levels for adults and children was exacerbated last year when the Governor and the Legislature failed to come to an agreement on increases for the community mental health sector. As demonstrated last year by a sector-wide salary and turnover survey of community mental health agencies, turnover of direct care staff averages as high as 54%.

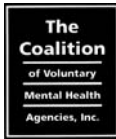
Under these circumstances, continuity of service is virtually non-existent, not only disrupting the long-term rehabilitation and recovery of consumers, but impairing the establishment of trusting relationships that are so vital for healing. Many adults and children receiving services must suffer multiple changes of case managers and other direct care workers in a single year. With each new worker, the trust and attachment that is so important is harder and harder to establish and maintain.

But turnover is only part of the problem. In addition to high turnover, poor contract and reimbursement rates produce less visible but equally significant signs of systemic instability. These include, in part, high worker-consumer ratios, a work environment deteriorating in quality with dwindling opportunities for professional education and training, long periods of staff vacancies and growing difficulty in finding adequate and affordable apartments.

The events of September 11 have only added to the burden. The high consumer-worker ratios hardly tolerable before, are now barely enough to cover the additional time and increasingly intense needs of the current consumer population. Although Project Liberty offers funding to the mental health sector, it is quite inflexible in its application and may not be applied to the shoring up of the infrastructure in the community mental health system. In fact, the funds are so tightly constrained that they don't even address the administrative needs of Project Liberty itself.

The Governor's proposed budget for FY '03 is a further blow to an already staggering system by failing to address workforce and infrastructure needs. This budget proposal fails to reinstate Reinvestment, the landmark legislation that converts funding from unused state psychiatric beds into desperately needed community mental health funding. This omission literally robs the community mental health sector of needed funding. Since the expiration of Reinvestment on September 30, 2001, savings from the downsizing of 140 beds totaling an estimated, \$9.2 million of Reinvestment funds were lifted from our system. In Fiscal Year 2002-2003, the expiration of Reinvestment will mean an additional loss of \$26 million realized from the elimination of 395 State psychiatric beds. The failure to reinstate Reinvestment will cost the community mental health sector \$35 million by the end of FY '03.

Adding to an already hemorrhaging workforce is the loss of state shared staffing positions. The State made an original commitment to fund 215 direct care staff that are "shared"—paid for by the State but assigned to local agencies—in order to serve clients in the community. The loss of 60 positions (30 were eliminated by the Legislature in the final 2001-02 Budget, and 30 were eliminated in the Governor's 2002-03 Executive Proposal) directly affects agency billing



revenue and client access to treatment. The restoration of these 60 positions is required to preserve essential services to adults and children in our communities statewide. Each nurse and Masters of Social Work position cut translates into a loss of 1,100 visits at a total revenue loss of \$74,140 per position. In one county, the loss of one position means that clients will have to wait an additional four to seven days for service. Without this commitment, community providers will have difficulty providing the same level of service, and the cost to maintain services will be shifted to local governments.

The Governor has also proposed the diversion of Medicaid revenue generated by mental health services. If, as proposed, there is an increase in the federal Medicaid percentage from 50% to 53%, mental health agencies that bill for Medicaid also will draw down these extra funds. Astonishingly, however, they will not receive a single additional dollar. Instead, the Governor's proposal siphons off these mental health dollars and sends them out of the mental health sector entirely.

The community based mental health sector is in dire straits and requires immediate, undiluted, sustained attention to workforce and infrastructure issues to repair the long, slow erosion of funding. Do not allow mental health dollars to be diverted from an underfunded mental health sector. Keep mental health dollars in the mental health system!

Actions Needed:

Fund the community mental health sector for \$41.2 million:

- \$35 million for an immediate 5% cost of living adjustment
- \$6.2 million for an immediate 10% Medicaid fee increase

Restore 60 Shared Staff Positions

- \$3.3 million to immediately fund vacant positions statewide

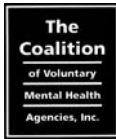
Reintroduce Reinvestment II (a savings of \$35 million):

- Capture all beds taken down since October 1, 2001

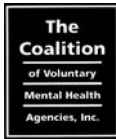
Keep federal Medicaid percentage increases in the mental health sector

Additional actions required

- ▶ **Lifting of the Medicaid Neutrality Cap**
This policy has unfairly restricted the development of community mental health services for over a decade with no similar cap in effect for Department of Health, Office of Alcoholism and Substance Abuse Services or Office of Mental Retardation and Developmental Disabilities services. Lift the OMH Medicaid cost neutrality provision and spending cap.
- ▶ **Presumptive Medicaid Eligibility.**
Mentally ill individuals returning to the community from stays in jails, prisons or hospitals need immediate access to psychiatric care and medication. End the practice of forcing people who are discharged from these facilities to wait 45-90 days for Medicaid eligibility. Provide presumptive Medicaid eligibility for all discharged hospital patients and prison inmates.
- ▶ **Passage of Comprehensive Insurance Parity Legislation**
Mental health parity is a simple matter of equity for working citizens of New York State and their families. Under the current system, people with psychiatric and addictive disorders are discriminated against on the basis of their illness. Thousands of New Yorkers with these disorders are ready to relinquish their federal disability payments and return to work, but they still require adequate behavioral health insurance coverage which many employee health plans do not cover. Lack of parity has provided a huge disincentive for a return to full employment for people with psychiatric and chemical dependency disorders. Needed: pass comprehensive parity legislation that would require all health plans to provide coverage for mental illness and addictive disorders on the same terms and conditions as any physical disorder.
- ▶ **Stabilizing and Expanding the System of Care for Individuals with Alcoholism and Substance Abuse Disorders**
Alcoholism and substance abuse are among our state and nation's leading public health problems, costing many billions of dollars and causing untold suffering in many families and every community. New York State has failed to adequately fund the existing base of alcoholism and substance abuse treatment and prevention programs. An estimated \$10 million in savings from the community detoxification initiative should be allocated for immediate workforce needs. Long-term funding mechanisms should be sought, and Rockefeller Drug law reform must include adequate funds for community treatment and prevention.
- ▶ **Adult Home Regulation and Oversight**
Over 11,000 individuals with psychiatric disabilities live in 176 adult homes throughout New York State. Despite hundreds of millions of dollars in public funds that are spent each year on health care and conditions in the homes, audits by the Commission on Quality of Care and the Department of Health have repeatedly found the quality of services and living conditions severely deficient. Adult homes are inadequate solutions to



the housing crisis that many persons with severe and persistent mental illness face. They often have not provided adequate treatment, development of life skills, and promotion of rehabilitation and recovery. Additional Department of Health investigators and additional resources from the Commission on Quality of Care are required to do financial audits so that regulations already in place are enforced. In addition, we request an annual clothing allowance where there presently is none, and an increase in the personal needs allowance for all persons with severe mental illness for congregate care level two facilities.



Stabilizing and expanding the system of care for individuals with alcoholism and substance abuse disorders

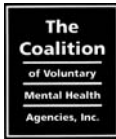
As providers of behavioral health care services, our members provide treatment to clients with co-occurring psychiatric and addictive disorders, and to clients with alcoholism and substance abuse in programs licensed under OASAS.

Alcoholism and substance abuse are among New York State's and our Nation's leading public health problems, costing billions of dollars and untold suffering in many families and every community. Recent studies by the New York State Office of Alcoholism and Substance Abuse Services and other leading researchers have documented the dramatic successes of treatment and prevention in reducing not just alcohol and drug dependence and abuse, but also crime, AIDS, welfare, homelessness and other health and social ills.

Yet, New York State has failed to adequately fund its existing base of alcoholism and substance abuse treatment and prevention programs. We see parallels in the mental health and chemical dependency systems with community providers in each system suffering from high staff turnover rates and crumbling infrastructures. An unstable OASAS provider workforce directly affects every aspect of service: the recovery process, quality of care, agency revenue, client access to treatment and program viability. In addition, these programs have seen a serious decline in-fee-for service revenue because of increased services to the working poor who do not have insurance, and/or from increased services to persons mandated into treatment by the criminal justice system or by the drug courts with no method of payment accompanying the referral. Furthermore, consumption of alcohol and drugs has risen significantly following the September 11 terrorist attacks.

Adding to years of neglect is a budget proposal by the Governor that includes a level of state funding for local assistance that is below fiscal year 1994-95 levels. The Governor's proposal does include a new community-based detoxification initiative that would create an alternative to hospital-based services. We support this opportunity for non-profit providers to offer this service to clients as part of a coordinated continuum of care that compliments existing treatment options. There is an estimated \$7 to \$10 million in savings that this program is expected to generate, and we urge the Legislature and Governor to reinvest these savings into the community infrastructure.

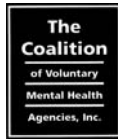
We also urge the Governor and Legislature to reform the Rockefeller Drug Laws in the 2002-03 fiscal year. Providing OASAS licensed, community-based treatment as an alternative to incarceration or at the point of re-entry into the community after a period of incarceration will result in significantly lower rates of crime and recidivism. Community-based treatment is the key to successful drug law reform. Treatment in the criminal justice system is important and must be followed with treatment in the community. Studies show that recidivism will be almost as great for persons who received treatment in prison as those who did not if community-based treatment is not provided upon release.



Now, more than ever, The Coalition and NYS Council urge the Legislature to partner with the Governor in 2002-03 to identify opportunities to reallocate savings realized from new initiatives to address the immediate community workforce crisis, and to create a permanent funding source to address the ongoing infrastructure needs of alcoholism and substance abuse treatment and prevention providers.

Actions Requested:

- ▶ Support the reinvestment of \$10 million in savings from the community detoxification program to support workforce recruitment and retention.
- ▶ Support reform of Rockefeller Drug Laws and reinvest savings from reduced incarceration expanding community treatment and prevention services.
- ▶ Support an increased Alcohol Beverage Tax and creation of a dedicated tax fund to enhance and expand chemical dependency treatment and prevention services.



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Baltic Street Mental Health Board
Barrier Free Living
Beacon of Hope House—Catholic Charities
Bedford-Stuyvesant CMHC
Bergen Street SRO
Black Veterans for Social Justice
Blanton-Peale Counseling Center
Bleuler Psychotherapy Center
Bowery Residents' Committee
Boys Harbor
The Bridge
Bronx-Lebanon Hospital Center
Brooklyn AIDS Task Force
Brooklyn Bureau of Community Service
Brooklyn Community Housing and Services
Brooklyn Psychiatric Center
Builders for the Family & Youth
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Center for Urban Community Services
Children's Aid Society
Columbia University-Harlem Rehabilitation
Center
Community Access,
Community Counseling & Mediation
Community Healthcare Network
Educational Alliance
The Family Center
F.E.G.S.
Floating Hospital
Fordham-Tremont CMHC
Fountain House
F.R.I.E.N.D.S.
Goddard Riverside
Graham-Windam Services
H.I.R.E.
Hamilton-Madison House
Harlem-Dowling Westside Center
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Hudson Guild
Institute for Community Living
International Center for the Disabled
Jewish Association of Services for the Aged
Jewish Board of Family & Children's
Services
Jewish Child Care Association
Jewish Guild for the Blind
John Heuss House
Joseph P. Addabbo Family Health Center
Karen Horney Clinic
League Treatment Center
Lenox Hill Neighborhood Association
Lexington Center for Mental Health Services
Lifeline Center for Child Development
Lower East Side Service Center
Lutheran Medical Center-MH Clinic
Mental Health Providers of Western Queens
Metropolitan Center for Mental Health
Montefiore Medical Center
Neighborhood Care Team
New York Psychotherapy & Counseling
Center
New York Service Program for Older People
New York Society for the Deaf
Northside Center for Child Development
OHEL Children's Home & Family Services
Paul J. Cooper Center for Human Services
Pesach Tikvah - Door of Hope
Post Graduate Center for Mental Health
Project Hospitality
Project for Psychiatric Outreach to the
Homeless
Project Renewal
PSCH
Puerto Rican Family Institute
Queens Child Guidance Center



**The Coalition and New York State Council
Fiscal Year 2003 Budget Briefing Book**
February, 2002

Riverdale Mental Health Association
Safe Horizon
Safe Space
Samuel Field YM-YWHA CAPE
Services for the Underserved
Sky Light Center
Spanish Speaking Elderly Council-RAICES
St. Francis Friends of the Poor
St. John's Episcopal Hospital Center
St. Vincent's Services
Staten Island Mental Health Society
Steinway Child & Family Services

Union Settlement Association
University Consultation & Treatment Center
University Settlement House
Upper Manhattan Mental Health Center
Urban Pathways
Venture House
Visiting Nurse Services of New York
Volunteers of America-Greater New York
Westchester Jewish Community Services*
Weston United Community Renewal
William F. Ryan Community Health Center
Women In Need

*Signifies Associate Member



New York State Council for Community Behavioral Healthcare 2002 Member Agencies

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Brookdale Hospital CMHC	North Star Behavioral Health Services
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Central New York Services	Rehabilitation Support Services
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Child & Family Services	South Bronx Mental Health Council
Clearview Center	Southeast Nassau Guidance Center
CMHC of Glens Falls Hospital	Spectrum Human Services
Crestwood Children's Center	St. John's Episcopal, South Shore CMHC
The Dale Association	St. Joseph's Hospital CMHC
Dutchess County Department of Mental Hygiene	St. Mary's Hospital CMHC
Family & Children's Service of Niagara	St. Vincent's Catholic Medical Center
The Guidance Center	Staten Island Mental Health Society
Horizon Health Services	Steuben County CMHC
Human Technologies Corporation	Strong Memorial Hospital
Kaleida Health	Transitional Living Services of Onondaga County
Lake Shore Behavioral Health	United Health Services Hospitals
Lewis County CMHC	VIAHEALTH Rochester Mental Health Center
Maimonides Medical Center CMHC	Warren Washington Association for Mental Health
Mercy Medical Center Behavioral Healthcare Services	