



Aid to Localities

	GF/Mental Hygiene Program Fund	Other Funds	Total Operating	Capital Fund
2009/10 Available	\$1,085,344,000	\$52,430,000	\$1,137,774,000	\$61,000,000
2010/11 Executive Recommendation	\$1,180,730,000	\$52,680,000	\$1,233,410,000	\$61,000,000
CHANGE:	\$95,386,000	\$250,000	\$95,636,000	\$0

Note: These highlights reflect Financial Plan cash spending projections for OMH Aid to Localities funding in the 2010/11 Executive Budget.

Overview

Community mental health services supported by Aid to Localities funding in the 2010/11 Executive Budget are engaged in sweeping changes to improve access and availability of community supports and services to both children and adults, promote inter-agency collaboration and expand capacity to make care more consumer and family driven. The proposed Executive Budget Recommendations accomplish these changes while reducing the rate of growth in spending by promoting efficiencies, restructuring program funding models, reinvesting under-utilized resources into long-term, cost-effective solutions and delaying implementation of new initiatives until they are affordable.

Major themes of reform advanced in this budget include:

- ◆ **Continuing Ambulatory Restructuring** to expand access to outpatient clinic treatment, and support implementation of the new Ambulatory Patient Group (APG) rate methodology to rationalize reimbursement and ensure consistency with federal requirements.
- ◆ **Restructuring existing services for the implementation of the Children's Plan** including: redesigning base resources for Clinic Plus services to improve clinical and operational functioning of children's clinic treatment; and redirecting under-utilized resources for residential units to expand community capacity (including Home and Community Based Waiver Services) to serve children and their families at home.
- ◆ **Continuing commitments to expand capacity for the peer support movement and improve employment opportunities for individuals with disabilities.** This budget annualizes funding to support the Peer Recovery, Technical Assistance and Resource Center, as well as includes an additional \$6 million in funding for a second federal grant awarded to New York for continuation of the New York Makes Work Pay program.
- ◆ **Proposing a multi-year remedial plan in response to a federal court ruling in the Adult Home litigation** to begin assessments and expand supported housing capacity for individuals leaving adult homes.



Savings Actions

2009/10 Deficit Reduction Program (DRP) Savings\$57.9 million

2010/11 Proposed Savings\$21.4 million

Total Savings.....\$79.3 million

Maximization of Recoveries (-\$19.5 million)

OMH will continue its efforts to maximize recoveries of State Aid funding from direct contracts and State Aid advances to counties by becoming current with past-due reconciliations, as well as completing the reconciliations underway for Comprehensive Outpatient Programs (-\$15.0 million).

In addition, the 2010/11 Executive Budget includes Article VII language to clarify OMH's existing authority to recover exempt income from Community Residences and Family Based Treatment programs consistent with the contract agreements for the 2003 through 2009 fiscal periods (-\$4.5 million). Starting in 2010, OMH will be changing its exempt income policy and adjusting the rates for these programs to more accurately reflect the current occupancy levels.

Carve-out Pharmaceutical Purchasing from RTF Rate Setting Methodology (-\$0.4 million)

The 2010/11 Executive Budget Recommendation proposes to remove prescription drug reimbursement from the Medicaid inpatient rate methodology for Residential Treatment Facilities (RTFs) for Children and Youth. As prescription drug costs rise faster than the rate of inflation, trend factor adjustments to RTF reimbursement rates have not kept pace with the rising cost of pharmaceuticals. This change in the methodology will improve access to care for high need children and generate savings attributed to higher Medicaid rebates for fee-for-service billing.

Annualization of 2009/10 Cost Savings (-\$1.5 million)

The 2010/11 Executive Budget annualizes cost savings measures initiated in the current year, as part of the Deficit Reduction Plan, for including additional debt service costs into the Gross Income Net (GIN) reimbursement model for Community Residence/Family Based Treatment programs effective January 1, 2010. The additional debt services costs will be covered by Supplemental Security Income revenue freeing up operating costs for rehabilitative services to be covered by Medicaid.

In addition, the 2010/11 Executive Budget Recommendation includes Article VII legislation, effective July 1, 2010, to eliminate the enhanced funding differential for the Unified Services program for five counties (Rensselaer, Rockland, Warren, Washington and Westchester) and reduce State Aid in these counties to percentages consistent with other counties in the

State. Originally proposed to be eliminated January 1, 2009, the 2009/10 Enacted Budget temporarily restored funding for the program which is scheduled to end June 30, 2010.

Lastly, to address the fiscal crisis, the 2009/10 Budget restructured all prior year initiatives to defer the costs for these new commitments until they are affordable. Support for these initiatives is as follows:

- ◆ **Delay and Restructure Community Residential and Family Based Treatment Model Enhancement:** This budget continues the restructuring of the third year of the reimbursement enhancement for Community Residence and Family Based Treatment models and gradually phases in the final eight percent increase across a three-year period. On January 1, 2010, OMH implemented a three percent enhancement to the model and will implement a three percent enhancement January 1, 2011 and the final two percent increase January 1, 2012.
- ◆ **Delay and Restructure Enhancement to Family Care Reimbursement:** This budget continues the temporary delay in implementation of the initiative to enhance reimbursement for Family Care providers by \$100 per month and gradually phases in the increase across a two-year period. On January 1, 2010, OMH provided an increase of \$50 per month for Family Care and will provide an additional \$50 on January 1, 2011.
- ◆ **Delay Adding Family Support Services to Child and Family Clinic Plus:** OMH delayed the implementation of the initiative to add family support services to Clinic Plus and the Budget includes \$3 million to start the gradual phase in of these services over the next two years.
- ◆ **Restructure Initiative to Establish Managed Care Demonstration Programs:** This budget includes \$1.75 million in funds to continue Managed Care Demonstration Programs (one in Western New York and one in New York City) that help coordinate both the regular health and the behavioral health needs of high cost populations, resulting in more effective and cost efficient coordinated care.
- ◆ **Restructure Initiative to Manage Care of People with Co-Occurring Disorders:** This budget continues to temporarily scale back the Co-Occurring Disorders initiative, consistent with the budget recommendations for the Office of Alcoholism and Substance Abuse Services (OASAS). OMH will use the \$500,000 provided in 2010/11 to continue implementation of standardized screening and assessment instruments and evidence-based practices for the treatment of persons with co-occurring mental health and substance abuse disorders.

Annualizations and Adjustments

Adult Home Remedial Plan (+\$1 million)

In response to a Federal court decision, a portion of the savings from delays in residential development begun in 2009/10, as well

as proposed actions in this year's budget, are being reinvested to support a proposed multi-year remedial plan to provide additional OMH supported housing for individuals currently in adult homes. In 2010/11, funding of \$1 million will begin assessments of current residents, with funding of \$20 million annually in five years to be used for 1,000 additional supported housing units, education, skills development, and ongoing review of the remaining adult home residents.

Deferred Residential Units Opening (+\$64.1 million)

The 2010/11 Executive Budget Recommendation includes resources to continue development of high priority residential initiatives including the New York/New York III agreement and supported housing units. The 2010/11 Executive Budget includes resources for the residential pipeline to annualize units opened in the current year and more than 1,300 new units scheduled to open by the end of 2010/11.

At the same time, the 2010/11 Executive Budget Recommendation continues the 2009/10 freeze on new construction, impacting approximately 1,600 units. During the moratorium, OMH is working to explore lower cost alternatives to restructure capital commitments into lower cost mixed use housing and rental units.

Annualizing Prior Year Initiatives (+\$36 million)

The 2010/11 Executive Budget Recommendation annualizes funding for prior year initiatives (i.e., ambulatory care restructuring, implementation of Children's Plan recommendations, the peer support resource center, model adjustments for Community Residences and Family Based Treatment programs, enhancement for Family Care reimbursement, adding family support services in Clinic Plus, Managed Care demonstration projects, and other program adjustments).

Continue to Expand Personalized Recovery Oriented Services (+\$9 million)

The 2010/11 Executive Budget Recommendation includes funding to annualize programs already in development by supporting conversions to Personalized Recovery Oriented Services (PROS) which will more than triple capacity by the end of 2010/11.

Other Annualizations/Base Level Adjustments (+\$6.9 million)

The 2010/11 Executive Budget annualizes funding for program conversions and base level adjustments attributed to provider appeals, restoration of State Aid for hospitals exceeding the disproportionate share caps, Residential Treatment Facility rate adjustments, and other miscellaneous adjustments, partially offset by the annualization of cost savings measures initiated in the SFY 2009/1010 Enacted Budget.

Continue to Improve Employment Opportunities through Federal Grant

The 2010/11 Executive Budget Recommendation includes a new \$6 million appropriation for a second federal Medicaid Infrastructure Grant (MIG) for the New York Makes Work Pay program, bringing the total funding level for New York to \$12 million. These resources will be used to expand New York's capacity to support individuals with all disabilities with a desire to work; build comprehensive, cross-agency, sustainable, coordinated systems of support and services to advance employment for individuals across the full spectrum of disabilities; and, support the goal of removing barriers to employment and create lasting improvements for New Yorkers with disabilities.

Community Capital

Capital disbursements for community facilities totaling \$61 million include funds for ongoing maintenance and continued development of units already in design or construction and priority housing initiatives (i.e., New York/New York III homeless housing initiative) excluded from the freeze.

Article VII Legislation

Eliminate Enhanced Funding for Unified Services Counties:

Eliminates the enhanced funding for Unified Service counties (Rensselaer, Rockland, Warren, Washington and Westchester) effective July 1, 2010.

Protect Providers from a Deflationary Cost-of-Living

Adjustment (COLA): Modifies the current statute to protect providers from a negative 2.1 percent COLA, and extends the statute for an additional year.

Clarify Existing Authority for Recovery of Exempt Income from Residential Programs:

Includes language to clarify OMH's existing authority to recover exempt income consistent with the contract agreements for Community Residences and Family Based Treatment programs for the fiscal periods January 1, 2003 through December 31, 2009 for programs in counties located outside the City of New York and July 1, 2003 through June 30, 2010 for programs located within the City of New York.

Reauthorize Exemption for Social Worker Licensing

Requirements: Extends the exemption for the social work and mental health practitioner licensing requirements for an additional four years through June 1, 2014 (Article VII is in the Education, Labor and Family Assistance bill).

Codify Existing Practice for Family Care: Provides a technical fix to codify in statute the existing practice of increasing the number of days that substitute caretakers may be provided to family care homes, increasing the flexibility in the amount and manner of payments made to residential service providers for personal allowance needs and protecting the current and future levels of such payments.