

**OFFICE OF MENTAL HEALTH
AID TO LOCALITIES
2012/2013 ENACTED BUDGET HIGHLIGHTS**

	MH Program Fund/ General Fund	Other Funds	Total Operating	Capital Funds
2011/12 Enacted Budget	\$1,239,440,000	\$58,994,000	\$1,298,434,000	\$12,639,000
2012/13 Enacted Budget	\$1,241,640,000	\$58,994,000	\$1,300,634,000	\$12,639,000
\$ Change	\$2,200,000	\$0	\$2,200,000	\$0
% Change	0.0%	0.0%	0.0%	0.0%
NOTE: The table above reflects year to year changes to OMH Local Assistance appropriations.				

Overview

The 2012/13 Enacted Budget for the Office of Mental Health (OMH) reflects a \$2.2 million increase in Local Assistance appropriations attributed to Legislative program adds. The growth to support targeted investments in the community and residential units already in development opening combined with the funding for the nursing home litigation settlement and adult homes is offset by implementation of cost saving measures required to balance the State’s budget.

While the Budget limits growth, OMH continues to implement changes to improve access and availability of community supports and services to both adults and children, promote inter-agency collaboration and employment, and expand community capacity to make care more consumer and family driven. The 2012/13 Enacted Budget continues these reforms underway while controlling spending by promoting efficiencies, restructuring program funding models, reinvesting under-utilized resources into long-term, cost-effective solutions and implementing targeted reductions.

All Programs

Eliminate Cost of Living Adjustments (COLA), Inflationary Trend Factors and Model Enhancements (-\$37.8 million)

To address New York’s budget deficit, the State must control growth in all areas of government. Consistent with this statewide objective to balance the budget, the 2012/13 Enacted Budget eliminates the 3.6 percent cost of living adjustment (COLA); freezes the Medicaid rates for Article 31 inpatient facilities and Residential Treatment Facilities (RTFs); and eliminates all remaining planned model enhancements including the 2 percent model adjustment in 2012 for Community Residence and Family Based Treatment providers.

Medicaid Recoveries and State Aid Close-Outs (-\$39.0 million)

This Budget continues OMH's comprehensive strategy to ensure the aggressive and timely recoupment of all outstanding liabilities including: Medicaid recoveries for Comprehensive Outpatient Programs (COPS) and Community Support Programs (CSP) for payments that are beyond allowable funding thresholds; Disproportionate Share (DSH) under spending; exempt income for residential programs; and State Aid close-outs for counties and direct contract providers that identify recoveries for program under spending and/or disallowances.

Non-Residential Programs

Reduce Medicaid Rate Add-ons for Continuing Day Treatment (CDT) (-\$3.0 million)

The 2012/13 Enacted Budget achieves savings through a second 25 percent reduction to Comprehensive Outpatient Program Services (COPS) Medicaid rate supplements paid to all Continuing Day Treatment providers effective April 1, 2012. Importantly, OMH continues to support CDT conversions underway to alternative program models including Personalized Recovery Oriented Services. In addition, OMH will also pursue a restructuring of the remaining COPS Medicaid rate supplements for other outpatient programs and the phase-out of this funding mechanism for Federal compliance.

Recent Federal Changes in Disproportionate Share (DSH) to Article 28 programs

Recent Federal changes in effect January 1, 2012 requires OMH to restructure the Disproportionate Share funds being provided to Article 28 programs to support community mental health services including the development of alternative fees and changes in reimbursement for the Partial Hospitalization and Comprehensive Psychiatric Emergency Programs. In addition, OMH will discontinue DSH funding for Community Support Programs (CSP) no longer in operation and pursue additional cost savings measures as needed to convert the remaining funds to State-only payments for Federal compliance.

Targeted Funding Reductions (-\$6.4 million)

The 2012/13 Enacted Budget achieves savings through targeted funding reductions already underway for certain community support programs and non-direct services. Importantly, these targeted funding reductions exclude additional State Aid cuts to community based programs including peer-run programs and family support or community services for children.

Residential Programs

Residential Restructuring (-\$13.1 million)

The 2012/13 Enacted Budget includes resources to continue development of all residential pipeline initiatives including the New York/New York III agreement and investments in supported housing to assist in downsizing the state system. Consistent with the Medicaid

Redesign Team (MRT) recommendations, the freeze that was instituted on residential capital projects where property acquisition had not yet occurred is no longer in place. However, OMH projects savings through natural delays in community development and conversion of OMH residential pipeline units to lower cost, mixed use alternatives and leveraging of tax credits (\$10M); and completing the leveling down of State Aid for any Supported Housing providers that are funded at amounts greater than the regional per bed models (\$0.6M). The final 2012/13 Enacted Budget also reduced the residential savings being projected in the State Financial Plan by an additional \$2.5 million for one-time delays.

Phase-out of the Family Based Treatment Program

The 2012/2013 Enacted Budget completes the two year phase-out of the Family Based Treatment (FBT) Program -- resulting in \$9.6 million in full annual savings thereafter. As the State reduces costs for all programs, OMH is strategically targeting the elimination of the FBT program rather than seeking additional across the board cuts for children's programs. The need for out-of-home residential placements for young children through programs such as FBT has decreased significantly. Consequently, many FBT programs experience high vacancy rates and excessive lengths of stay, and provider capacity continues to decline (i.e., more than 50 percent over the past decade.) Importantly, OMH will work closely with young people, families, community based providers and other child-serving systems to ease the transition process and to continue to develop community-based services to support children remaining in their homes with their families.

New Investments/Legislative Changes

New Investments (+\$17 million)

The 2012/13 Enacted Budget reinvests a portion of the savings for the development of 600 new Supported Housing beds to help support emerging needs including individuals moving to the community from State Psychiatric Centers. In addition, the Budget provides for investments to expand community based services including: funding for mobile rehabilitation and crisis teams to provide skill development for people with psychiatric disabilities; training for primary care physicians to improve early identification of behavioral health issues in children; regional First Episode Psychosis Teams and suicide prevention programs to assist individuals with psychotic disorders; and one-time IT enhancement grants for mental health care providers to support the capacity development for transition to a managed care environment.

Legislative Adds (+\$2.2 million)

OMH's Local Assistance appropriations were increased from the Executive Budget Recommendation by \$2.2 million for the following:

- Continuation and expansion of the Veterans Training Initiative to be conducted by the NYS Medical Society (\$165,000), the NYS Psychiatric Association (\$165,000) and the National Association of Social Workers New York State Chapter (\$170,000);
- North Country Behavioral Healthcare Network (\$100,000);

- Veterans peer-to-peer pilot programs (\$800,000); and
- Demonstration programs for counties impacted during SFY 2011-12 by the closure of state-operated hospitals licensed under section 7.17 of the Mental Hygiene Law (\$800,000).

Other Initiatives

Continue to Improve Employment Opportunities through Federal Grant

This Budget includes the final grant extension for the Federal Medicaid Infrastructure Grant (MIG) for the *New York Makes Work Pay* program, bringing the total funding level since 2009-10 for New York to \$16.6 million. These resources were 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. In 2012/13, New York will be using the infrastructure created under the MIG grant to pursue status as an Employment Network under the Ticket-to-Work program.

Annualizations and Other Adjustments

Nursing Home Litigation Settlement/Adult Homes (+\$26.8 million)

The 2012/13 Enacted Budget includes a \$10 million appropriation for care coordination, Supported Housing and services to support qualified residents of nursing homes to implement the settlement of Federal litigation in the matter of *Joseph S. vs. Hogan, et al.* In addition, the Budget includes a \$16.8 million appropriation for the provision of education, assessments, training, in-reach, care coordination, supported housing and other services for mentally ill residents of adult homes, which were identified in the 2009 federal district court case in the matter of *Disability Advocates, Inc. v. Paterson, et al.*

Annualizations/Base Level Adjustments

The 2012/13 Enacted Budget annualizes funding for prior year initiatives (i.e., new residential beds opening, ambulatory care investments, and program conversions) and base level growth attributed to provider appeals, and other miscellaneous adjustments, partially offset by the annualization of cost savings measures initiated in the 2011/12 Enacted Budget.

Community Capital

The 2012/13 Enacted Budget includes \$12.6 million in local capital appropriations for community facility projects. These funds will be used for ongoing maintenance and continued development of units already in design or construction.

Office of Mental Health - Article VII Legislation

- **Eliminate the Cost-of-Living Adjustment (COLA):** The Budget includes language to eliminate the 2012/13 COLA for human services agencies and extend the statute for an additional year through March 31, 2016.
- **Reauthorize Comprehensive Psychiatric Emergency Programs (CPEP):** This legislation extends the statutory authorization for the Comprehensive Psychiatric Emergency Program (CPEP) for an additional four years through June 30, 2016. These programs provide a full range of psychiatric emergency services including on-site emergency room services, extended observation beds, and triage referral services.
- **Clarify Existing Authority for Recovery of Exempt Income from Residential Programs:** The 2012/13 Enacted Budget extends the fiscal periods for OMH to recoup exempt income for residential programs consistent with the contract agreements for Community Residences and Family Based Treatment programs. It would allow for the continuation of such recoveries for the period from January 1, 2011 through December 31, 2013 for programs located outside of the city of New York, and from July 1, 2011 through June 30, 2013 for programs located within the City of New York.
- **Authorize the Integration of Health and Behavioral Health Services:** The Budget includes legislation to authorize the integration of health and behavioral health services by the Department of Health, the Office of Mental Health, the Office of Alcoholism and Substance Abuse Services or the Office for People with Developmental Disabilities by permitting two or more of the commissioners to jointly establish operating, reporting and construction requirements.

Medicaid Redesign Team - Article VII Legislation

The 2012/13 Budget includes legislation to support implementation of the initiatives advanced by the Medicaid Redesign Team (MRT). OMH will continue working closely with the Department of Health (DOH) and the Office of Alcoholism and Substance Abuse Services (OASAS) on reforms underway including:

- **Regional Behavioral Health Organizations (BHOs):** The 2011/12 Enacted Budget authorized DOH, OMH and OASAS to develop regional BHOs to manage behavioral health services not “covered” under the state’s various Medicaid Managed Care (MMC) plans. The BHOs will exist on an interim basis to reduce the overutilization of psychiatric inpatient care and to improve access, engagement and care coordination while the State prepares to move toward new financing and delivery models starting in 2013/14.
- **Health Homes for High-Cost, High-Need Enrollees:** The 2011/12 Enacted Budget included statute to establish Health Homes for providing care management services for high cost, high need enrollees. Provider networks meeting Federal and state health home standards will be assigned high risk patients to improve the integration of service delivery and care outcomes while reducing unnecessary inpatient hospitalizations and emergency room visits.

- **Supportive Housing Development Program:** The 2012/13 Enacted Budget includes legislation to reinvest funds for supportive housing for vulnerable persons in the community based on savings directly related to inpatient hospital and nursing home bed decertification and/or facility closure to be allocated annually by the commissioner of the Department of Health. The final Budget includes a \$60 million appropriation for this program, which reflects a one-time reduction against the \$75 million recommended in the Executive Budget.