



Aid to Localities

	GF/HCRA/ Mental Hygiene Program Fund	Other Funds	Total Operating	New Capital Funds
2007-08 Available	\$1,028,283,000	\$45,569,000	\$1,073,852,000	\$318,555,000
2008-09 Executive Recommendation	\$1,249,086,000	\$52,361,000	\$1,301,447,000	\$179,555,000
CHANGE	+\$220,803,000	+\$6,792,000	+\$227,595,000	(\$139,000,000)
Realignment of 2007-08 Commitments	(\$130,000,000)	\$0	(\$130,000,000)	\$0
NET CHANGE	+\$90,803,000	+\$6,792,000	+\$97,595,000	(\$139,000,000)

The 2008-2009 Executive Budget Recommendation for the Office of Mental Health (OMH) continues to strengthen investments made to address unmet needs and improve community integration for children with serious emotional disturbance and adults with serious mental illness. Moreover, this budget advances initiatives to manage the care of high cost populations and rationalize reimbursement.

Restructuring Appropriations

Consistent with an initiative to improve transparency in the budget by restructuring Medicaid resources, the 2008-09 Executive Budget Recommendation includes significant technical adjustments to OMH Aid to Localities appropriations.

More specifically, a new Mental Hygiene Program Fund Account is established within each of the Adult Services, Children and Youth Services, and Reinvestment Programs for Aid to Localities. This new Special Revenue Other (SRO) fund will support a portion of the State Aid expenses previously funded from the General Fund and the Health Care Reform Act (HCRA) Resources Fund. This recommendation includes \$130 million in additional 2008-09 SRO appropriations (on a one-time basis) and related authorizing language to accommodate prior year (SFY 2007-08) liabilities within the new appropriation structure.

Sustaining and Expanding the Ambulatory Care System and Removing Barriers to Specialty Mental Health Treatment for Children - (\$5 million)

Consistent with the Governor's philosophy of improving access to ambulatory care to reduce reliance on costly inpatient and emergency services, the 2008-09 Executive Budget Recommendation includes \$5 million in new State share of Medicaid resources that will annualize to \$10 million (grossing to \$20 million), to take the first steps toward rationalizing clinic funding and to allow the designation of additional clinic programs in New York City as Interim Specialty Clinics for Children. More specifically:

- ◆ **Interim Rationalization of Clinic Funding:** Elements of this initiative include the establishment of minimum reimbursement for clinics licensed solely under the Mental Hygiene Law; rebasing COPS providers one last time and then eliminating future rebasing of rates and reconciliations of COPS rates; removing the so-called Medicaid "neutrality cap" for mental health clinic services; and limiting "COPS-only" payments for managed care enrollees when a managed care plan has provided or approved payment for the base rate.
- ◆ **Children's Clinic Services:** OMH will also make the necessary changes to allow an increase in the number of In-



terim Specialty Clinics for Children, which supply significant, ongoing treatment to seriously emotionally disturbed children enrolled in Medicaid Managed Care. This initiative will promote access to specialized care for some of New York City's most vulnerable young people.

Funding Year Three of a Multi-Year Cost-of-Living Adjustment (COLA) - (\$30.1 million)

The 2008-09 Executive Budget Recommendation includes the reconciliation of the April 1, 2007 COLA, as well as \$30.1 million for the final year of the current three-year COLA, originally authorized in 2006-07 for certain residential and non-residential community-based programs. Importantly, this Recommendation advances Article VII legislation extending the COLA for another three years through 2011-12, and adds Child and Family Clinic Plus as an eligible program.

Expanding Supported Housing - (\$1.1 million)

The 2008-09 Executive Budget Recommendation includes \$1.1 million in funding for a multi-year initiative to develop 1,500 new Supported Housing beds, beginning January 2009. When fully annualized, the total funding for these beds will be approximately \$18.1 million. The addition of Supported Housing units to the overall residential system facilitates opportunities for movement toward integrated community housing for individuals with mental illness.

Expanding Efficiency Apartment Beds for Persons with Mental Illness - (\$145 million in Capital Funding)

The 2008-09 Executive Budget Recommendation provides capital appropriations of \$125 million for 500 new Single-Room Occupancy (SRO) efficiency apartments throughout New York State. These resources will be used to develop units for adults with mental illness who prefer housing that incorporates independence, while also providing a limited amount of on-site services. In addition, with DOH and the Commission on Quality of Care and Advocacy for Persons with Disabilities, the budget provides \$20 million in capital funds to purchase Adult Homes and convert them into OMH housing.

Enhancing Community Residence and Family-Based Treatment Models - (\$12 million)

The 2008-09 Executive Budget Recommendation recognizes that investments to maintain the infrastructure of OMH's community-based system of care are critical and provides \$12 million in

new resources for the second of a three year plan to strengthen the Community Residence and Family-Based Treatment models effective July 1, 2008.

Enhancing Family Care Reimbursement - (\$1.5 million)

The 2008-09 Executive Budget Recommendation includes \$1.5 million (\$3 million full annual) to address recruitment and retention issues, by enhancing the monthly reimbursement to Family Care providers, effective January 1, 2009.

Adding Family Support Services to Child and Family Clinic Plus - (\$1.0 million)

The 2008-09 Executive Budget Recommendation includes \$1.0 million (\$5.0 million full annual), to increase funding to Clinic-Plus programs effective January 1, 2009 to ensure that each program effectively engages children and their families. Expansion of services provided by families, to families include: engagement, wrap-around, support groups, and linkage/referral to community family support networks.

Managing the Care of People with Co-Occurring Disorders - (\$1.0 million)

The 2008-09 Executive Budget Recommendation includes \$1.0 million (\$2.5 million full annual) for OMH, in concert with the Office of Alcoholism and Substance Abuse (OASAS) and the Department of Health and consistent with the priorities of the Task Force on Co-Occurring Disorders, to engage in demonstration programs to address the treatment needs of persons who are both mentally ill and chemically dependent, effective January 1, 2009.

Establishing Managed Care Demonstration Programs - (\$1.5 million)

The 2008-09 Executive Budget Recommendation includes \$1.5 million (\$2.0 million full annual), to support two managed care demonstration programs (one in Western New York and one in New York City) that will help coordinate both the health and the behavioral health needs of high cost populations, resulting in more effective and cost-efficient coordinated care.



Expanding Access to Vocational Services in PROS - (\$0.8 million)

The 2008-09 Executive Budget Recommendation includes \$0.8 million (growing to \$1.3 million in 2009-10), effective July 1, 2008, to expand access to vocational services within the Personalized Recovery Oriented Services (PROS) program.

Annualizing Prior Year Initiatives - (\$36.8 million)

The 2008-09 Executive Budget Recommendation includes \$28.7 million for the annualization of prior year initiatives (COLA reconciliation, HCBS waiver slots and the first year of the model enhancement for Community Residence and Family Based Treatment models), as well as \$8.1 million for other program changes and to adjust for the Residential Treatment Facility (RTF) trend factor.

Article VII Legislation

- ◆ **Integrated Housing for Mentally Ill People:** The 2008-09 Executive Budget Recommendation advances Article VII legislation providing increased flexibility for Mental Hygiene agencies, in collaboration with the Housing Finance Agency and Division of Housing and Urban Renewal, in the development of integrated housing for persons with and without disabilities.
- ◆ **Reauthorizing Comprehensive Psychiatric Emergency Programs (CPEP) Legislation:** The Executive Budget Recommendation advances Article VII legislation reauthorizing the CPEP statute for another four years through July 1, 2012.
- ◆ **Revising Article 28 Hospital Inpatient Psychiatric Rates:** The Executive Budget Recommendation advances multi-year Article VII legislation in the DOH budget which updates hospital rates for inpatient psychiatric care by transitioning to a new case-mix adjusted prospective payment methodology.
- ◆ **Eliminating Specialty Rates for Dually-Licensed Mental Health Outpatient Programs:** The Executive Budget Recommendation advances Article VII legislation eliminating mental health outpatient services as services that can be considered specialized under Public Health Law (PHL). All outpatient providers licensed under Mental Hygiene Law are required to meet the same programmatic standards. This bill amends the PHL to clarify that services which are reimbursed at rates set by the Commissioner of OMH are not specialized services. This will generate savings of \$2.1M in State share of Medicaid annually in the DOH budget, but more importantly will resolve the inequity of having different reimbursement levels for providers who deliver the same services.