



Association for Community Living

JOINT SENATE/ASSEMBLY LEGISLATIVE HEARING ON THE 2014/2015 BUDGET February 11, 2014

Thank you, Senator DeFrancisco and Assemblyman Farrell for this opportunity to submit testimony. We would also like to acknowledge the participation and interest of the Senate and Assembly committee members present and in particular Senate Mental Health and Developmental Disabilities Committee Chair, Senator David Carlucci and Assembly Mental Health Chair, Assemblywoman Aileen Gunther.

The Association for Community Living represents more than 110 not-for-profit community mental health agencies that provide mental health housing and other community-based rehabilitative services. Our member agencies operate over 25,000 housing units that are funded and regulated by the New York State Office of Mental Health. Virtually all of the people living in these housing units rely on Medicaid for mental health and other health related services.

We thank Governor Cuomo, the Division of Budget, and the OMH team for this budget proposal, which makes important investments into housing for the most vulnerable as well as into new programs that will bring new and added services to people in their community settings.

However, we cannot help but note that the last few years have brought unprecedented new unfunded mandates with nary a dime to support ongoing cost increases that providers invariably face year in and year out. The Human Services COLA has once again been “deferred.” However, the word “deferred” implies that it will be honored at some point. If they are not to be honored in the future, then they are better described as “lost” and the situation is best described as having been cut for the 6th year in a row by the level of inflation for those years, which was 11.8%. When you look at a 22 year history of the OMH funded housing programs’ increases, actual cuts, and cuts due to inflation, you will find funding erosion from 12% to 45%, depending on program type - see attached chart. As we develop

more programs and more housing, creating more innovative ways to fund all of it and taking on more long term fiscal responsibilities, I must ask the question of the Governor and the Legislature. Where is the plan to sustain all of this? The plan cannot be that the state puts out RFPs buying services from providers and then abandoning them to figure out for themselves how to do more and more for more challenging consumers, with less and less resources, while the state system is robustly supported to serve a fraction of the population. It is unsustainable and needs to be addressed in a serious manner. Stating that there is just no money for you, in good times and bad, is no longer a reasonable response. I think that if we took a line by line approach and shaved a small amount from the enormous amounts of money dedicated to other things, we could come up with the human services COLA. For example, \$50 million is allocated to marketing NYS. There is \$120 billion dedicated to economic development.

The MRT has recognized that safe, stable, and affordable housing is paramount in reining in costs for the high users of Medicaid. Research has shown that there are immediate cost savings. **We strongly support the 2014-15 executive budget proposal that adds \$100 million for housing this year and \$160 million for next.** Approximately half of this year's \$100 million is needed to pay the annualized amount of prior year commitments, including to scattered site supported housing for a variety of populations as well as to ongoing demonstration programs that will help us pinpoint where future investments should be made that will further bring down the cost of Medicaid. These investments will very likely result in more savings.

While new development is crucial to any plan to contain Medicaid costs, the level of funding for these programs must be sufficient to cover costs. Supported Housing was originally designed to serve people who needed minimal supports to remain in the community; therefore, only minimal services were funded. However, more and more new beds are set aside for high users of Medicaid; people coming out of long-term stays at Psychiatric Centers, prisons and jails; those actively using drugs and alcohol; the chronically homeless and the chronically institutionalized in adult homes and nursing homes. These individuals require more frequent and intensive services for behavioral as well as medical problems. OMH Supported Housing is an extraordinarily inexpensive rent stipend and service program when compared to the other alternatives. The yearly rates for Supported Housing range from \$7,675 to \$14,493 PER YEAR depending on what region of the state the bed is located. In down-state communities, the current Supported Housing rate of \$14,493 is often inadequate to just cover rent, let alone the 24 hour on-call, help with budgeting, landlord/tenant issues and other services that providers are obligated to provide. However, as the populations being served become more challenging, the funding for OMH-Supported Housing continues to erode year after year.

We have included as an attachment a chart that shows the county by county Supported Housing shortfall for all areas of the state. We have also attached a chart that shows this program's funding erosion, as well as the other housing programs' erosion, due to inflation.

- **We strongly support the Governor's proposal to add \$550 per year per bed (3.8%) for NYC, Long Island and Westchester.**
- **However, we urge the legislature to add \$2.2 million in funding to add the same percentage increase to the beds in the rest of the state.**

The other housing programs that need attention include licensed Community Residences, licensed treatment apartments, licensed Community Residence SROS, and Supported Housing SROs. We strongly urge a 3.8% increase for all of these as well. These programs serve those with the most challenging behavioral, substance abuse and medical needs outside of a hospital setting. They are the highest level of care in the community costing on average from \$18,000 to \$25,000 per year per person. Considering that the next highest level of care is a hospital at more than \$300,000 per year, these programs are obviously cost efficient. They also reduce further use of the most expensive services. Moreover, they are, in essence, capitated. They cannot add to the number of people served nor can they provide and bill for more services for those they do serve. The number of beds that are funded is the amount that the state spends. There is no mechanism to optimize revenue and excess costs have long been squeezed out of operations and administration. Despite decades of increasingly challenging consumers the staffing levels have remained the same and the funding has eroded – again see attached chart.

We ask the legislature to add \$8.8 million (\$11 million including the federal share of Medicaid) to support a 3.8% increase for all other OMH housing programs :

- **Community Residences and Treatment Apartments - \$5 million in state dollars (\$8.3 million including the federal share of Medicaid)**
- **CR-SROs and SP-SROs– \$3.8 million**

We support the Governor's plan to close and consolidate state hospitals. New York State once housed 93,000 people in 25 state hospitals. It now houses fewer than 4,000 in 16 hospitals. We are in no danger of overcrowding if we consolidate some of these hospitals and we are in no danger of losing quality if more people are brought into the community based system with reinvestment into the non-profits that would provide the services. The non-profit community of providers now serves more than 600,000 people in the community at, conservatively, half the cost per person of state operated services. There is no reason why non-profit providers could not be adequately resourced to serve the most in need, even those with very high service needs that some think to be within the special expertise of the state workforce.

Moving behavioral health service operations to non-profits must be part of any long term plan to right size the system. We support the \$25 million for community based services in areas of the state that experience downsizing of state inpatient capacity. Some of those savings should be invested into the non-profit sector.

ACL wrote a report in 2012 recommending turn-keying State-Operated Community Residences over to not-for-profits. These programs are identical to the ones operated by non-profits now. The report conservatively estimates a savings of \$40 million per year, which has sure to have increased since then, just on personnel costs. We urge the legislature to look into these and support a planned move to non-profit providers.

We most strongly urge the legislature to support the Governor's proposal in the DOH budget of a \$120 million investment into behavioral health. This includes:

- \$30 million to pay for 1915(i)-like services, i.e., Home and Community Based service benefits allowed under Health and Recovery Plans);
- \$10 million for Health Home Plus that includes enhanced funding to work with AOT clients;
- \$5 million for OASAS residential restructuring, which will introduce Medicaid into OASAS residential programs;
- \$40 million to insure behavioral health capacity is preserved in areas where community-based inpatient beds have been closed – a variety of services can be created with this money;
- \$15 million for integrating health and behavioral health services in a primary care setting;
- \$20 million for Managed Care (MC) readiness, which includes provider training and IT

These dollars are critical to the success of moving Medicaid reimbursed behavioral health services into MC. The \$20 million for MC readiness will ensure that providers are able to add the staffing and infrastructure that they'll need to change much of what they do now. For example, they will need to bill a number of insurance companies, some with different software requirements; learn new ways to submit bills; keep up with much more frequent re-authorizations; possibly maintain differing documentation on clients in the same programs; and train staff at every level of their organizations to ensure that requirements are met. In that process we must not forget the large number of people dealing with a severe mental illness that do not qualify for Medicaid. As we move forward into a managed care environment we must ensure that safety net mental health services remain available, not only for those without Medicaid, but for people with Medicaid that rely on and prefer these safety-net services over what is available under the state's Medicaid program. The \$40 million that is set aside to preserve capacity in areas where inpatient beds close is a critical

component to maintaining a system for people so they don't fall through the cracks of the Medicaid Managed care system. Also, the integration on health and behavioral health is key to controlling costs in both systems for people with serious psychiatric illnesses. The \$15 million set aside for integration is a small down payment on this initiative. Lastly, the \$30 million to jumpstart the creation of 1915(i)-like services and the credentialing of providers is key to the success in reducing hospitalizations, emergency services and the use of jails and prisons.

SUMMARY OF ACL's BUDGET PRIORITIES

- Support \$30 million that includes funding for:
 - \$6.5 million for a \$550 (3.8%) increase in downstate Supported Housing rates,
 - Approximately \$15 million for new OMH residential development including:
 - 200 new supported housing beds targeted for people coming out of nursing homes
 - 500 new supported housing beds for individuals in adult homes, and
 - 300 new beds for the homeless housing program in New York City;
 - Other community based services.
- Support the \$120 million in the DOH budget for Behavioral Health initiative
- Support the \$100 million in MRT housing investment.
- Support the \$25 million for community based services in areas of the state that experience downsizing of state inpatient capacity. Some of those savings should be invested into the non-profit sector.
- Add \$11 million in state dollars (\$14.36 million total when federal share is added) for a 3.8% increase for all other OMH Housing Programs.
 - \$2.2 million for the rest of the state's Supported Housing programs
 - \$5 million in state dollars (\$8.3 million when the federal share is added) for Community Residences and Treatment Apartments –
 - \$3.8 million for CR-SROs and SP-SROs
- Add \$23 million for an OMH COLA.

NOTE: The ACL SOCR Report was distributed to every member of the legislature in the past. If you would like another copy, please call Lindsey Chase at 518 – 688 1682 ext. 226.



OMH Funded Supported Housing - STUDIO APARTMENT
The Following Chart Computes an Adequate, Cost Based Funding Rate for each county

This chart was first compiled in 2002. Each year it is updated with new HUD FMR and SSI, as well as any OMH increases to the actual rate.

- A. RENT:** Based on HUD Fiscal-Year 2014 Fair Year Market Rents for a **Studio apartment**
- B. RENT PAID BY RESIDENTS:** Residents pay 30% of income, typically the SSI living alone rate of \$808/month, which is \$242.40 per month or \$2,909 per year.
- C. TOTAL PROPERTY COST TO AGENCY:** Column A minus column B.
- D. CONTINGENCY FUNDING:** Based on current OMH minimum of \$500 per recipient annually made available to resolve housing situations that put the resident at risk of losing his/her housing including non-collectable rent payments due to various reasons, minor maintenance not the responsibility of the landlord, furniture storage, and any other housing related emergency problems that, if not addressed, could cause loss of housing. This number has not changed since 1991.
- E. OTHER THAN PERSONAL SERVICES (OTPS):** Based upon a realistic estimate that includes travel, insurance, office supplies, telephone, etc. Three estimates have been made for OTPS; \$1,000 is used for urban/metropolitan counties, \$1,200 is used for urban/suburban counties, and \$1,500 is used for rural counties. The different rates reflect the amount and cost for travel that is required (Public transportation is less expensive and more accessible in urban areas; greater travel distances are required in the more rural counties.) This number has not been changed since 2002.
- F. CASE MANAGER:** The salary in this formula for a supported housing case manager for a caseload of 15 (standard set in NYS-SH guidelines) is \$25,000. An additional 15% was added to the base salaries in New York City, Long Island, Westchester county and Rockland county. The rate includes 30% for fringe benefits.
- G. SUPERVISOR:** The salary in this formula for a supported housing supervisor for a caseload of 75 consumers/ 5 case managers is set at \$38,000. An additional 15% was added to the base salaries in New York City, Long Island, Westchester County, and Rockland County. The rate includes 30% for fringe benefits.
- H. ADMINISTRATION and OVERHEAD (A&OH);** at 15% on columns D through G (property is excluded.)
- I. ADEQUATE SUPPORTED HOUSING RATE:** Total of cost columns C-H.
- J. CURRENT SUPPORTED HOUSING RATE:** This is the rate SOMH pays by region for each supported housing unit in each county as of January, 2014. **This rate received a 1.1% Reduction in 2011.**
- K. SHORTFALL:** This number is the difference between column I and column J: per bed.
- L. NUMBER OF SH BEDS:** The actual number of beds in each county. This number is from the September 2012, OMH Residential Program Indicators Report.
- M. TOTAL COUNTY SHORTFALL:** The shortfall per bed (Column K) multiplied by the number of beds in the county (Column L) equals the actual shortfall in dollars specific to each county.

	HUD FAIR MARKET RENT	RENT PAID BY RESIDENTS	TOTAL PROPERTY COST TO AGENCY	CONTINGENCY FUNDING	O.T.P.S.	CASE MANAGER	SUPERVISOR	A&OH at 15%	ADEQUATE SUPPORTED HOUSING RATE	CURRENT SUPPORTED HOUSING RATE	SHORTFALL	NUMBER OF S.H. BEDS	TOTAL COUNTY SHORTFALL
	A	- B	= C	+ D	+ E	+ F	+ G	+ H	= I	- J	= K	x L	= M
ALBANY	7944	2909	5035	500	1,200	2167	659	1434	10,995	9285	1,710	270	461,741
ALLEGANY	6084	2909	3175	500	1,500	2167	659	1200	9,201	8426	775	35	27,130
BRONX	13,956	2909	11047	500	1,000	2492	757	2369	18,165	14493	3,672	3736	13,720,086
BROOME	6144	2909	3235	500	1,200	2167	659	1164	8,925	7675	1,250	161	201,274
CATTARAUGUS	5748	2909	2839	500	1,500	2167	659	1150	8,815	8426	389	104	40,430
CAYUGA	6612	2909	3703	500	1,500	2167	659	1279	9,808	7675	2,133	61	130,134
CHAUTAUQUA	5820	2909	2911	500	1,200	2167	659	1116	8,553	8426	127	86	10,883
CHEMUNG	6000	2909	3091	500	1,200	2167	659	1143	8,760	8426	334	121	40,360
CHEMUNGO	6060	2909	3151	500	1,500	2167	659	1197	9,174	7675	1,499	46	68,933
CLINTON	6804	2909	3895	500	1,500	2167	659	1308	10,029	7675	2,354	54	127,124
COLUMBIA	8604	2909	5695	500	1,500	2167	659	1578	12,099	9285	2,814	39	109,752
CORTLAND	7104	2909	4195	500	1,500	2167	659	1353	10,374	7675	2,699	53	143,055
DELAWARE	6300	2909	3391	500	1,500	2167	659	1233	9,450	7675	1,775	27	47,913
DUTCHESS	10632	2909	7723	500	1,200	2167	659	1837	14,086	12883	1,203	229	275,567
ERIE	6444	2909	3535	500	1,200	2167	659	1209	9,270	8426	844	869	733,566
ESSEX	6504	2909	3595	500	1,500	2167	659	1263	9,684	7675	2,009	28	56,256
FRANKLIN	6636	2909	3727	500	1,500	2167	659	1283	9,836	7675	2,161	42	90,760
FULTON	6576	2909	3667	500	1,500	2167	659	1274	9,767	7675	2,092	30	62,759
GENESEE	5628	2909	2719	500	1,200	2167	659	1087	8,332	8426	-94	45	-4,241
GREENE	6984	2909	4075	500	1,500	2167	659	1335	10,236	9285	951	30	28,535
HAMILTON	5940	2909	3031	500	1,500	2167	659	1179	9,036	7675	1,361	4	5,442
HERKIMER	7212	2909	4303	500	1,200	2167	659	1324	10,153	7675	2,478	30	74,351
JEFFERSON	8112	2909	5203	500	1,500	2167	659	1504	11,533	7675	3,858	57	219,926
KINGS	13956	2909	11047	500	1,000	2492	757	2369	18,165	14493	3,672	3,851	14,142,412
LEWIS	6072	2909	3163	500	1,500	2167	659	1198	9,187	7675	1,512	51	77,130
LIVINGSTON	6756	2909	3847	500	1,200	2167	659	1256	9,629	8426	1,203	38	45,712
MADISON	6732	2909	3823	500	1,500	2167	659	1297	9,946	7675	2,271	28	63,598
MONROE	6756	2909	3847	500	1,200	2167	659	1256	9,629	8426	1,203	345	415,018
MONTGOMERY	6996	2909	4087	500	1,200	2167	659	1292	9,905	7675	2,230	37	82,508
NASSAU	12396	2909	9487	500	1,200	2492	757	2165	16,601	14493	2,108	929	1,958,704
NEW YORK	13956	2909	11047	500	1,000	2492	757	2369	18,165	14493	3,672	3345	12,284,178
NIAGARA	6444	2909	3535	500	1,200	2167	659	1209	9,270	8426	844	143	120,713
ONEIDA	7212	2909	4303	500	1,200	2167	659	1324	10,153	7675	2,478	228	565,064
ONONDAGA	6732	2909	3823	500	1,200	2167	659	1252	9,601	7675	1,926	300	577,905
ONTARIO	6756	2909	3847	500	1,200	2167	659	1256	9,629	8426	1,203	64	76,989
ORANGE	10632	2909	7723	500	1,200	2167	659	1837	14,086	12883	1,203	262	315,278
ORLEANS	6756	2909	3847	500	1,200	2167	659	1256	9,629	8426	1,203	25	30,074
OSWEGO	6732	2909	3823	500	1,500	2167	659	1297	9,946	7675	2,271	62	140,824
OTSEGO	7536	2909	4627	500	1,500	2167	659	1418	10,871	7675	3,196	30	95,879
PUTNAM	13956	2909	11047	500	1,200	2167	659	2336	17,909	12883	5,026	67	336,739
QUEENS	13956	2909	11047	500	1,000	2492	757	2369	18,165	14493	3,672	1943	7,135,473
RENSSELAER	7944	2909	5035	500	1,200	2167	659	1434	10,995	9285	1,710	118	201,798
RICHMOND	13956	2909	11047	500	1,000	2492	757	2369	18,165	14493	3,672	510	1,872,924
ROCKLAND	13956	2909	11047	500	1,200	2492	757	2399	18,395	12883	5,512	173	953,645
SARATOGA	7944	2909	5035	500	1,200	2167	659	1434	10,995	9285	1,710	50	85,508
SCHENECTADY	7944	2909	5035	500	1,200	2167	659	1434	10,995	9285	1,710	146	249,682
SCHOHARIE	7944	2909	5035	500	1,200	2167	659	1434	10,995	9285	1,710	23	39,333
SCHUYLER	5868	2909	2959	500	1,500	2167	659	1168	8,953	8426	527	6	3,161
SENECA	5808	2909	2899	500	1,500	2167	659	1159	8,884	8426	458	28	12,817
ST.LAWRENCE	6036	2909	3127	500	1,500	2167	659	1193	9,146	7675	1,471	73	107,379
STEBEN	5616	2909	2707	500	1,500	2167	659	1130	8,663	8426	237	119	28,197
SUFFOLK	12396	2909	9487	500	1,200	2492	757	2165	16,601	14493	2,108	1316	2,774,654
SULLIVAN	8724	2909	5815	500	1,500	2167	659	1596	12,237	9285	2,952	61	180,081
TIOGA	6144	2909	3235	500	1,200	2167	659	1164	8,925	8426	499	25	12,479
TOMPKINS	9228	2909	6319	500	1,500	2167	659	1672	12,817	8426	4,391	64	281,008
ULSTER	7908	2909	4999	500	1,200	2167	659	1429	10,954	9285	1,669	142	236,963
WARREN	7824	2909	4915	500	1,200	2167	659	1416	10,857	9285	1,572	11	17,294
WASHINGTON	7824	2909	4915	500	1,200	2167	659	1416	10,857	9285	1,572	49	77,035
WAYNE	6756	2909	3847	500	1,200	2167	659	1256	9,629	8426	1,203	70	84,207
WESTCHESTER	13956	2909	11047	500	1,200	2492	757	2399	18,395	14493	3,902	886	3,457,526
WYOMING	5340	2909	2431	500	1,500	2167	659	1089	8,346	8426	-80	20	-1,609
YATES	6012	2909	3103	500	1,500	2167	659	1189	9,118	8426	692	10	6,924
												21805	65,816,937



OMH FUNDED HOUSING PROGRAMS

OMH FUNDING EROSION DUE TO INFLATION
OPWDD – NO FUNDING EROSION

1991 to 2014



