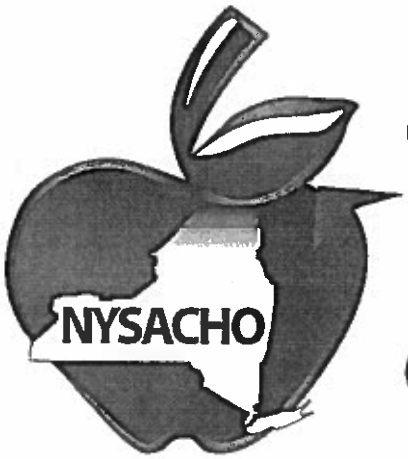

County Health Officials of New York

Leading the way to healthier communities

February 16, 2017

Testimony of the

New York State Association of County Health Officials (NYSACHO)

to the Joint Legislative Committees

on Health and Finance/Ways and Means

Regarding the 2017 - 18 Executive Budget Proposal

NYSACHO's MISSION:

To support, advocate for, and empower local health departments
in their work to prevent disease, disability and injury
and promote health and wellness
throughout New York State.

NYSACHO is incorporated as a not-for-profit, non-partisan charitable organization with 501(c)(3) tax exempt status.

CONTACT: Linda M. Wagner, Executive Director, linda@nysacho.org, 518-456-7905, ext. 103

1 United Way, Albany, NY 12205 *www.nysacho.org*

Frank Kruppa, MPA
Public Health Director & Mental Health Commissioner, Tompkins County
President, New York State Association of County Health Officials (NYSACHO)

Kind regards from our state's County and City Health Officials to Senator Hannon, Assemblyman Gottfried, Senator Young, Assemblyman Farrell, and distinguished committee members of both houses. Thank you for this opportunity to provide testimony on the 2017-18 Executive Budget Proposal.

My name is Frank Kruppa and I serve as the Public Health Director and Mental Health Commissioner of Tompkins County. I'm here on behalf of the County Health Officials of New York as the President of our association, NYSACHO. NYSACHO represents 58 local health departments in our state, in 57 counties and in New York City. It is our job to protect the health of the hundreds of communities and millions of constituents that we – and you – serve.

To summarize our key points about the 2017-18 Executive Budget Proposal:

1. We were disappointed that the Executive Branch did not heed our request as presented in early November to the Deputy Secretary for Health and Human Services, Paul Francis, for an increase in Article 6

state aid to the State Department of Health's essential public health partners in local health departments.

2. We were shocked and dismayed to discover the proposed cut in state aid to the New York City Department of Health and Mental Hygiene that our city colleagues estimate to be an annualized $32.5 million cut to the most densely populated area of our state. Densely populated areas are at higher risk for serious public health impacts, as we see each year when Bronx County is at the bottom of the list for nationwide County Health Rankings.
3. We insist that an increase in Article 6 state aid is necessary to maintain the foundation of our state's public health infrastructure. Your local health departments are to community health what your police departments are to public safety, law, and order.
4. For more than 50 of our state's 58 local health departments, their mandated responsibility and costs for Early Intervention Services to Special Needs children are cannibalizing their local share revenue for mandated core public health services. The promise of a lower administrative burden and increased Medicaid and 3rd party commercial insurance for EI has not materialized since the fiscal

agent takeover. EI costs and administrative burdens on most local health departments have risen during the past several years, and that cost is finally hitting the state, as you can see in the appropriation. Local health officials do not want to resume full responsibility for EI. Rather, we believe the state must hold the fiscal agent, service coordinators, providers, and insurers accountable for their responsibilities, as expected when reforms were legislated. We also believe that the repair of longstanding problems with the NY Early Intervention System or NYEIS, problems that counties and NYC have pointed out for five years, must be given high priority status.

5. We appreciate and support most of the remedies that the executive budget has put forward to address problems with the EI system. However, it is essential to make a few key changes in the proposed statutory language. The responsibility for IFSP documentation should be placed upon service coordinators, not municipalities. Second, the fiscal agent should assist municipalities and the state in the recovery of funds resulting from audits.
6. We are proposing fiscally neutral statutory changes in the Article 6 maintenance of effort language to reduce the onerous administrative

burden of quarterly reporting and provide greater flexibility to local health departments in their efforts to meet maintenance of effort requirements.

7. We oppose the pooling of discrete funding lines for chronic disease and maternal child health programs and the 20% cut to the overall pool.
8. We applaud the Governor's initiatives to invest in our water infrastructure and water quality, and to include e-cigarettes under the Clean Indoor Air Act. These are investments and policy developments that local health departments stand ready to support, but threaten to weaken the public health foundation by stretching already limited resources to their breaking point.

Why do we continue to press for a state aid increase? First, I'll need to describe just a few of the major challenges that your county health officials have faced in recent months. Second, I will remind you of the perennial public health services we provide to our state's communities. Finally, I will link these challenges and services to our concerns about the budget proposal that Governor Cuomo's office has put forward to you for the coming state fiscal year.

For public health officials in New York State, 2016 was the year of the Zika virus, mumps outbreaks, broader awareness of the opioid epidemic, and newly discovered threats to the quality of our state's drinking water. There is never a dull moment in public health. Every year, every day brings new challenges to local health departments in the form of infectious and chronic diseases, environmental hazards, family health needs, and analysis of the health status and trends in our communities.

Zika virus was first identified in 1947 as a mosquito-borne illness. But it did not garner much attention until this past year, when it spread rapidly across the Americas, requiring global public health action. Although your local health departments have expertise in combatting insect-borne diseases, Zika virus has proven to be unique. Disease experts had a knowledge gap surrounding transmission and health impacts that they frantically tried to fill as the epidemic spread. Pregnant women who travel back into New York State after becoming infected outside the state faced the risk of serious birth defects in their unborn children. Local health officials have to monitor and report on the condition of these women and their infants. Environmental health staff in local health departments have stepped up their mosquito surveillance to watch for the type of mosquito that could carry Zika virus. And then, epidemiologists discovered that a

person infected with the virus could transmit the disease through sexual contact. This led to the need to monitor for an entirely new sexually transmitted disease,

Another more familiar disease demanded attention from local health officials in 2016. A surge of mumps cases struck at numerous college campuses in New York and other states. Mumps infections can lead to serious complications, particularly in young adults. To respond to these outbreaks, local health officials collaborated rapidly with partners at the New York State Department of Health, colleges, universities, and clinical medical practices to halt transmission of the disease. Their work provides data that may help epidemiology researchers identify the need for new vaccination protocols.

The opioid epidemic is not news to local health officials. For several years, we have been training first responders in the administration of naloxone on opioid overdose victims. But in 2016, powerful new opioids such as fentanyl made a dramatic entry into the illegal drug market. As more and more opioids led to a spike in overdoses and deaths, public awareness of this epidemic hit hard, spreading to every corner of every New York community. To combat this epidemic, local health officials have become essential partners with their colleagues in mental health, substance abuse treatment, law enforcement,

corrections and community based organizations of all types. County health officials appreciate the comprehensive state reforms regarding the opioid epidemic that were enacted this past year. But this epidemic is yet another strain on their resources.

Some of the greatest public health challenges in 2016 emerged when many of your communities faced various contamination threats to clean drinking water. These included the identification of unregulated contaminants such as PFOA and PFOS in Rensselaer, Orange and Suffolk county water supplies. The state and counties continue to face issues related to this contamination, such as identifying labs to test for the contaminants in both water samples and in human blood samples, determining what health risks are associated with specific levels of contamination, and communicating effectively with the public and medical professionals about potential human health risks.

The tragedy of lead poisoning from public water supplies in Flint, Michigan elevated public and media concern about lead poisoning from drinking water, despite the fact that most cases of childhood lead poisoning in our state arise from contamination in housing. In my home County, Tompkins, after one district had elevated lead levels in its regularly required public water system sample

results, public alarm spread rapidly. Numerous schools decided on their own to test potential sources of drinking water on their premises. After they discovered elevated lead levels, questions arose about their sampling techniques. My local health department reviewed their procedures, helped interpret their results and assisted in the development of public messages.

Partly as a result, New York State issued new laws and regulations requiring schools to test for lead in the water from any potential source of drinking water within their facilities. These new requirements were imposed upon school districts, but if any elevated levels of lead are discovered, local health departments must be alerted and they must be involved in response.

In 2016, blue-green algal blooms in Lake Owasco threatened the drinking water supplies in the Town of Owasco and the City of Auburn in Cayuga County. These threats, and any others, to the safety of drinking water supplies require a strong, fast response on the part of local health departments.

Public health responses require public health resources.

Our greatest current threat to public health is not new pathogens, or water contaminants, not substance abuse nor the ongoing burden of chronic diseases. Threats such as these are a constantly emerging reality in public health work.

In fact, the greatest threat we face is the erosion of resources to sustain the daily work of local health departments. The local health department is on the front lines of protecting population health in our communities. We want to fulfill the mandates that good public health practices demand. But we need a stronger foundation to sustain this work. Local resources are stretched to their limits while the state's contribution to this foundation has waned.

For the past two years, we have asked the Governor to shore up this foundation throughout the state. We met with the Division of Budget and the Deputy Secretary of Health and Human Services for the past two years, requesting an increase in the base and percentage formula for state aid to local health departments – i.e., the Article 6 state aid for General Public Health Works. We thought they heard us this fall. But when the budget was announced, we saw a cut in that formula that appeared to us as an effort to divide our membership. The Executive branch has proposed cutting state aid to New York City while maintaining the status quo for the rest of the state. We are alarmed by this cynical response to the needs of our communities, particularly as the Department of Health clamors for "population health" initiatives by funneling billions of dollars to DSRIP hospitals throughout the state.

As state legislators, you know the fiscal realities facing our county governments: the property tax cap, stagnant sales tax returns, and the nine state mandated programs that consume 99% of the annual real property tax levy in New York State. Our local elected officials face tough choices when it comes to maintaining the basic protections our communities need. Because Article 6 state aid will not reimburse local health departments for fringe benefit expenses, unlike state aid to other local government units, local elected officials too often choose to make cuts to the health department.

The local share of public health costs is still the largest share, and historically, Article 6 was a strong model compared to other states that provide support to local public health departments. But the state aid share has not kept up with growing public health needs. It certainly has not supported the implementation of new and expanded state mandates. When you add in the increasing fiscal pressures from Early Intervention and Pre-School programs for Special Needs Children, which should be an Education responsibility, Article 6 is no longer providing the firm foundation that your communities need in their local health departments.

Article 6 provides a base grant to local health departments, either a flat amount of $500,000 for smaller partial service counties that have no environmental health unit, or $650,000 for more populous counties. For NYC, Nassau and Suffolk counties, the most populous counties in the state, the base grant is a per capita amount of just 65 cents per capita. Up to the maximum of this base grant, 100% of allowed local expenses for state-defined core public health activities can be reimbursed. Remember, this does not include fringe benefit expense. This is our base of state aid, but right now, that base is eroding.

NYSACHO opposes the proposed reduction in funding to our largest member local health department in New York City, which protects the population health of more than 40% of our state's residents. The justification in the Executive budget proposal for this cut simply makes no sense whatsoever. Under the current reimbursement process, local health departments must deduct any revenue, including federal funding, from our eligible public health expenses. Our colleagues in New York City have calculated that the seven percent reduction, from 36 to 29 percent will result in a loss of $32.5 million dollars in state aid in the city's first fiscal year. That is a full quarter of their state aid reimbursement. This also does not factor in the potential loss of federal funds that loom over the entire nation under the new federal administration.

We call upon the legislature to reject the proposed decrease in Article Six state aid reimbursement to the City of New York. Furthermore, we ask you to increase the base grant to all local health departments, adding $13 million to support this critical public health infrastructure. This requires a legislative change in Article 6, Section 605 of the Public Health Law as part of the 2017-18 State Budget process.

Our request is for a Base Grant increase from $500,000 to $550,000 for partial service counties; from $650,000 to $750,000 for full service counties and, if the per capita rate is higher, to provide $1.30 for every resident in the most populous counties and in NYC. Reimbursement for allowed expenses will be at 100%, up to the full amount of the base grant, and the change in the per capita reimbursement rate will provide more equitable funding for the most populous communities in our state.

A second way to fortify the foundation for local public health is through the state aid formula for local expenditures beyond the base grant. Once the base grant is exhausted, additional allowed public health expenditures can be reimbursed for 36 cents on the dollar – a 36% reimbursement. 36% of a declining set of allowable expenses is not keeping up with the demands on public health.

State costs keep shifting onto the counties. This shift hits local health departments particularly hard when it comes time to make budget cuts, due to state aid limitations that prevent reimbursement for fringe and indirect cost - a limit imposed on no other local health and human services state aid.

We ask the Legislature and Governor to move us closer to our original foundation of 40% reimbursement above base, and provide LHDs with an increase of 2 percent, from 36 percent to 38 percent, in the Article 6 State Aid for General Public Health Work reimbursement rate.

In a related budget neutral request, NYSACHO asks the legislature to amend Article 617 provisions regarding Maintenance of Effort (MOE). In this area, local health departments have experienced increased administrative burdens and costs based on an overly broad interpretation of regulatory requirements. We believe statutory changes can address what we see as administrative overreach. Currently the New York State Department of Health requires that local share funding for eligible expenditures be maintained at base year levels for each of the core services separately, rather than on the overall annual local share. The Department also requires that reporting on MOE must be provided quarterly. This narrower administration of MOE limits local health departments' flexibility to redirect

scarce resources when they need to respond to public health emergencies and emerging public health threats. In a home rule state, municipalities should also have the ability to redirect public health funding between core services to address the implementation of new or increased state mandates and changing public health needs in their communities;

We ask that you amend Article Six, §617 of the Public Health Law to stipulate that evidence of Maintenance of Effort for eligible services shall be based on the total amount contributed annually by a municipality for all eligible core public health services, rather than the amount contributed to each individual core public health service every quarter.

As I near the end of my remarks, it is important to draw your attention to other areas of concern in the Executive Budget proposal.

NYSACHO supports the Executive's proposals to increase protections of our drinking water. We applaud the effort to identify, and when appropriate, warn our residents, about emerging contaminants that threaten drinking water, and the proposal to monitor individual water supplies. However, implementation of these proposed reforms will fall, in part, upon our fragile local public health infrastructure.

NYSACHO also supports the effort to include e-cigarettes under the Clean Indoor Air Act. But some aspects of the proposed statutory changes will result in an increased workload for local health departments in the area of environmental health enforcement. As noted earlier, public health responses require public health resources.

We are dismayed that none of the proposed reforms addresses the increased workload and expense to local health departments, further stressing our already strained resources. Almost all of our counties have hiring freezes or strict limitations on filling open positions, much less adding new ones. This is partly because no new state funding has accompanied new state mandates, such as Legionella regulations on cooling towers, or drinking water testing for lead in schools.

We are long past the point where we can do more with less. We are already sharing services where it makes sense. Flat or decreased funding now means decreased services. If you truly want to protect our drinking water, new or expanded mandates must be accompanied by increased resources. We call upon the legislature to include additional funding for the drinking water enhancement

grants to local health departments, to ensure that we can protect our most valuable resource - safe drinking water.

NYSACHO opposes the proposed pooling of disease control, maternal child health, and other public health categorical spending and the proposed 20% reduction that accompanies the pools. These appropriations support important services and programs in our communities, through both local health departments and our community partners. After years of reductions or flat funding, these programs are already under-funded. Pooling the budget lines also decreases transparency about which public health purposes are funded by the state's limited aid to localities.

NYSACHO also opposes the language throughout the appropriations bill that would provide the Executive Branch unlimited authority to make mid-year reductions. We understand that there is potential for significant reductions in federal funding. However, we believe that the best process for New York residents is to require the involvement of all elected state officials in decision-making about necessary mid-year adjustments.

NYSACHO supports efforts to improve third-party reimbursement for Early Intervention services, and allow municipalities to recoup disallowed claims.

However, we have specific concerns regarding some language in the Executive's proposed statutory amendments. We will provide committee leaders and members with our suggested changes to the text of these proposals.

Once again, thank you for the opportunity to present our needs, concerns and ideas to your legislative committees.

We look forward to continuing our work with both the Legislative and Executive branches to serve the essential public health needs of the people of New York State.