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Association for Community Living

JOINT SENATE/ASSEMBLY LEGISLATIVE HEARING ON THE 2012/2013 BUDGET February 14, 2012

Thank you, Assemblyman Farrell and Senator DeFrancisco 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 McDonald, and Assembly Mental Health Chair, Felix Ortiz.

The Association for Community Living represents over 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, Dr. Hogan, and the OMH team for this budget proposal, which keeps level the funding for community-based services while looking to develop housing opportunities that have been proven to be cost effective in controlling overall Medicaid costs.

The MRT has recognized that safe, stable, and affordable housing is paramount in reining in costs for the high users of Medicaid. Supported Housing is the most cost effective and community integrated form of housing New York State offers for people with a severe psychiatric disability. We support the 2012-13 executive budget proposal that funds the development of 3,475 new mental health housing beds over the next year. This includes 2,200 new supported housing beds that will be targeted for people currently in Adult Homes, Nursing Homes, and State Hospitals. This year's development is the first step in OMH's multi-year commitment to develop a total of 6,100 mental health housing beds.

While new development is crucial in any plan to contain Medicaid costs, the level of funding for these programs must be sufficient to cover the costs of the program. 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, where HUD Fair Market Rents range from \$13,668 to \$17,100 per year, the current Supported Housing rate of \$14,425 is often inadequate to cover rent, let alone the 24 hour on-call, help with budgeting, landlord/tenant issues and other services that providers are obligated to provide.

Over the past 20 years, Fair Market Rents in the down-state area have increased approximately 63%. Conversely the OMH Supported Housing program has had increases of only 40%, leaving the down-state programs with a 23% shortfall in today's dollars compared to 1991. The service dollars have all but disappeared as a result. We have included as an attachment a chart that shows the county by county Supported Housing shortfall for all areas of the state.

The program was originally designed to serve people with a severe mental illness that needed a minimal amount of supports to remain in the community; therefore, only minimal services were funded. However, during the past four years, the only development of OMH Supported Housing has been targeted towards emerging populations, in other words, people coming out of long-term stays at Psychiatric Centers, prisons and jails, those actively using drugs and alcohol, and the chronically homeless. The next few rounds will be for people coming out of nursing homes and adult homes presenting even more challenges. These individuals require more frequent and intensive services for behavioral as well as medical problems. However, as the populations being served become more challenging, the funding for OMH-Supported Housing continues to erode year after year.

We are asking the legislature to recognize that the supported housing program will not remain viable if it is not financially stable. We recognize that the state has serious fiscal issues so we are proposing only a moderate, but immediate, 3% increase to the current rate in certain counties that would apply to approximately 9,000 of the existing 18,000 beds. This increase would amount to approximately \$3.9 million.

The Executive Budget Proposal eliminates the planned 3.6% Human Services Cost of Living Adjustment – the 14th year that Supported Housing will go without an increase out of the last 20 years. Although a new program is proposed that will be established for 2013-14 that will provide increases based on appropriate provider costs and performance outcomes, the

specifics of the new program have yet to be defined. We hope that the state will see this as an opportunity to bring supported housing, and other mental health housing programs that have never been adequately funded, to levels in today's dollars that they were originally funded at. Supported Housing is 23% behind inflation and licensed programs are 14% or more behind inflation.

We support the Executive Budget Proposal's closing of Kingsboro Psychiatric Center. New York State does not need a State Hospital system consisting of 16 state operated inpatient facilities when quality mental health services can be provided in the community that are less expensive and better meet the needs of consumers. However, a portion of the savings from the closure of Kingsboro, and any other state operated facilities, needs to be used to increase the development of both permanent and transitional housing alternatives, similar to what was accomplished with the closing of Middletown Psychiatric Center. This reinvestment of resources can result in an increased capacity for services and provide additional safe quality housing options for people with psychiatric disabilities.

The original Community Reinvestment program was crucial in ensuring access to quality community services for people with psychiatric disabilities when State Hospital wards and facilities were closed. This year's Executive proposal includes language to continue efforts to reduce unnecessary State Operations and local assistance costs via stringent cost controls and reduced use of inpatient services, while investing some of these savings into more effective community based programs. We completely agreed with the concept of reinvestment. However it is not clear what portion of the savings will actually be going into reinvestment. We must assure that at least 50% be reinvested back into the communities. Last year, ACL wrote a report recommending turn-keying State-Operated Community Residences over to not-for-profits. The report conservatively estimates a savings of \$40 million, just on personnel costs. Savings from closing SOCRs and other non-inpatient state operated services were not included in previous mental health reinvestment programs. We ask the legislature to clearly define what portion of state savings drawn from these reductions will be reinvested. We also ask the legislature to include the savings from any and all state operated services closed or down-sized into a new community reinvestment program. This includes State operated housing, clinics, and any other mental health services in addition to the actual state hospital beds.

Although most people with a severe mental illness rely on Medicaid, there remains a 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. Proper treatment and recovery depends on person-centered

approaches to care. This can only be possible through the sustained availability of community based services and supports that Medicaid does not traditionally cover. Instead, these safety-net services are predominately funded through local assistance dollars. We strongly urge that programs funded through local assistance remain out of Managed Care. We further recommend that any savings associated with Managed Care for the mental health system be reinvested in community based services and supports. In addition, we urge the legislature to help us keep housing programs and the Medicaid component out of managed care.

We support the Executive Budget Proposal's one time IT enhancement grants for mental health providers to support the capacity development for transition to a managed care environment. A robust IT infrastructure is imperative for successful coordination of care under a managed care system. Many providers will not have the resources to build their IT infrastructure without the availability of additional funds to do so.

It is heartening to note that the state is beginning to understand that housing with the proper supports is critical to keeping people from spending inordinate amounts of money on avoidable Medicaid services. We strongly support the \$75 million in the DOH budget that begins to fund the MRT priority of providing supportive housing to high users of Medicaid. We hope that the state will move that money to the state agencies that can efficiently and immediately put it to use. We also hope to see an additional \$75 million next year and more in years to come.

SUMMARY OF ACL's BUDGET PRIORITIES

- Support the Executive Budget Proposal to fund the development of 3,475 new units of mental health housing.
- Support the \$75 million in housing dollars that appear in the Department of Health budget
- Add 3% to 9,000 units of Supported Housing - \$3.9 million
- Encourage the Legislature to pass a new Mental Health Community Reinvestment that will ensure 50% of savings associated with any and all State Operated services closing or down-sizing be reinvested in community-based services.
- Help us ensure that housing programs and the Medicaid component of housing programs are kept out of managed care.

- NOTE: The ACL SOCR Report was distributed to every member of the legislature last year. If you would like another copy, please call Lindsey Chase at 518 – 688 1682 ext. 226 or you can access it at www.aclnys.org



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 OMH increases to the actual rate.

- A. RENT:** Based on HUD Fiscal-Year 2012 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 \$785/month, which is \$236 per month or \$2,832 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, 2012. **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
- 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	8244	2832	5412	500	1,200	2190	659	1494	11,455	9285	2,170	240	520,836
ALLEGANY	6924	2832	4092	500	1,500	2167	659	1338	10,256	8426	1,830	32	58,550
BRONX	14,196	2832	11364	500	1,000	2492	757	2417	18,530	14493	4,037	3221	13,003,016
BROOME	7088	2832	4256	500	1,200	2167	659	1317	10,099	7675	2,424	149	361,221
CATTARAUGUS	7188	2832	4356	500	1,500	2167	659	1377	10,559	8426	2,133	99	211,197
CAYUGA	7152	2832	4320	500	1,500	2167	659	1372	10,518	7675	2,843	59	167,731
CHAUTAUQUA	7140	2832	4308	500	1,200	2167	659	1325	10,159	8426	1,733	70	121,317
CHEMUNG	7668	2832	4836	500	1,200	2167	659	1404	10,766	8426	2,340	96	224,669
CHENANGO	6948	2832	4116	500	1,500	2167	659	1341	10,283	7675	2,608	53	138,240
CLINTON	7860	2832	5028	500	1,500	2167	659	1478	11,332	7675	3,657	49	179,198
COLUMBIA	8316	2832	5484	500	1,500	2167	659	1547	11,857	9285	2,572	39	100,289
CORTLAND	7416	2832	4584	500	1,500	2167	659	1412	10,822	7675	3,147	51	160,472
DELAWARE	6936	2832	4104	500	1,500	2167	659	1340	10,270	7675	2,595	27	70,052
DUTCHESS	9912	2832	7080	500	1,200	2167	659	1741	13,347	12883	464	217	100,666
ERIE	7164	2832	4332	500	1,200	2167	659	1329	10,187	8426	1,761	854	1,503,638
ESSEX	7704	2832	4872	500	1,500	2167	659	1455	11,153	7675	3,478	28	97,376
FRANKLIN	7248	2832	4416	500	1,500	2167	659	1386	10,628	7675	2,953	38	112,225
FULTON	5556	2832	2724	500	1,500	2167	659	1133	8,683	7675	1,008	26	26,195
GENESEE	7932	2832	5100	500	1,200	2167	659	1444	11,070	8426	2,644	42	111,044
GREENE	7164	2832	4332	500	1,500	2167	659	1374	10,532	9285	1,247	28	34,908
HAMILTON	7296	2832	4464	500	1,500	2167	659	1394	10,684	7675	3,009	4	12,034
HERKIMER	7176	2832	4344	500	1,200	2167	659	1331	10,201	7675	2,526	28	70,714
JEFFERSON	8352	2832	5520	500	1,500	2167	659	1552	11,898	7675	4,223	50	211,145
KINGS	14196	2832	11364	500	1,000	2492	757	2417	18,530	14493	4,037	2,649	10,693,881
LEWIS	6780	2832	3948	500	1,500	2167	659	1316	10,090	7675	2,415	44	106,264
LIVINGSTON	7092	2832	4260	500	1,200	2167	659	1318	10,104	8426	1,678	38	63,760
MADISON	7452	2832	4620	500	1,500	2167	659	1417	10,863	7675	3,188	26	82,885
MONROE	7092	2832	4260	500	1,200	2167	659	1318	10,104	8426	1,678	362	607,400
MONTGOMERY	7476	2832	4644	500	1,200	2167	659	1376	10,546	7675	2,871	33	94,727
NASSAU	14796	2832	11964	500	1,200	2492	757	2537	19,450	14493	4,957	855	4,238,192
NEW YORK	14196	2832	11364	500	1,000	2492	757	2417	18,530	14493	4,037	3212	12,966,683
NIAGARA	7164	2832	4332	500	1,200	2167	659	1329	10,187	8426	1,761	119	209,523
ONEIDA	7176	2832	4344	500	1,200	2167	659	1331	10,201	7675	2,526	222	560,661
ONONDAGA	7452	2832	4620	500	1,200	2167	659	1372	10,518	7675	2,843	276	784,640
ONTARIO	7092	2832	4260	500	1,200	2167	659	1318	10,104	8426	1,678	68	114,097
ORANGE	9912	2832	7080	500	1,200	2167	659	1741	13,347	12883	464	228	105,769
ORLEANS	7092	2832	4260	500	1,200	2167	659	1318	10,104	8426	1,678	25	41,948
OSWEGO	7452	2832	4620	500	1,500	2167	659	1417	10,863	7675	3,188	51	162,583
OTSEGO	8388	2832	5556	500	1,500	2167	659	1557	11,939	7675	4,264	38	162,043
PUTNAM	14196	2832	11364	500	1,200	2167	659	2384	18,274	12883	5,391	57	307,259
QUEENS	14196	2832	11364	500	1,000	2492	757	2417	18,530	14493	4,037	1303	5,260,146
RENSSELAER	8244	2832	5412	500	1,200	2167	659	1491	11,429	9285	2,144	106	227,232
RICHMOND	14196	2832	11364	500	1,000	2167	757	2368	18,156	14493	3,663	401	1,468,943
ROCKLAND	14196	2832	11364	500	1,200	2492	757	2447	18,760	12883	5,877	143	840,404
SARATOGA	8244	2832	5412	500	1,200	2167	659	1491	11,429	9285	2,144	46	98,610
SCHENECTADY	8244	2832	5412	500	1,200	2167	659	1491	11,429	9285	2,144	135	289,400
SCHOHARIE	8244	2832	5412	500	1,200	2167	659	1491	11,429	9285	2,144	23	49,305
SCHUYLER	6696	2832	3864	500	1,500	2167	659	1304	9,994	8426	1,568	2	3,135
SENECA	7584	2832	4752	500	1,500	2167	659	1437	11,015	8426	2,589	33	85,427
ST.LAWRENCE	7140	2832	4308	500	1,500	2167	659	1370	10,504	7675	2,829	73	206,524
STEBEN	7116	2832	4284	500	1,500	2167	659	1367	10,477	8426	2,051	107	219,404
SUFFOLK	14796	2832	11964	500	1,200	2492	757	2537	19,450	14493	4,957	1206	5,978,082
SULLIVAN	7488	2832	4656	500	1,500	2167	659	1422	10,904	9285	1,619	45	72,869
TIOGA	7080	2832	4248	500	1,200	2167	659	1316	10,090	8426	1,664	22	36,610
TOMPKINS	9624	2832	6792	500	1,500	2167	659	1743	13,361	8426	4,935	54	266,474
ULSTER	10140	2832	7308	500	1,200	2167	659	1775	13,609	9285	4,324	130	562,133
WARREN	7572	2832	4740	500	1,200	2167	659	1390	10,656	9285	1,371	8	10,967
WASHINGTON	7572	2832	4740	500	1,200	2167	659	1390	10,656	9285	1,371	46	63,061
WAYNE	7092	2832	4260	500	1,200	2167	659	1318	10,104	8426	1,678	56	93,962
WESTCHESTER	13668	2832	10836	500	1,200	2492	757	2368	18,153	14493	3,660	828	3,030,273
WYOMING	7344	2832	4512	500	1,500	2167	659	1401	10,739	8426	2,313	20	46,254
YATES	6864	2832	4032	500	1,500	2167	659	1329	10,187	8426	1,761	10	17,607
TOTAL												18600	67,825,868

SUPPORTED HOUSING REGIONAL RATES

TOTAL AMOUNT
PAID A PROVIDER
PER YEAR TO SERVE
EACH CLIENT

Geographic Area

\$14,493	NY CITY, Westchester, Long Island,
\$12,883	Orange, Dutchess, Putnam, Rockland
\$9,285	Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Schoharie, Sullivan, Ulster, Warren, Washington
\$8,426	Allegheny, Cattaraugus, Chautauqua, Chemung, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Schuyler, Seneca, Steuben, Tioga, Tompkins, Wayne, Wyoming, Yates
\$7,675	Broome, Cayuga, Chenango, Clinton, Cortland, Delaware, Essex, Franklin, Fulton, Hamilton, Herkimer, Jefferson, Lewis, Madison, Montgomery, Oneida, Onondaga, Oswego, Otsego, St. Lawrence

The Alternatives per year:

\$250,000	State Hospital
\$350,000	Community Based Hospital
\$75,000	County Jail
\$80 - \$150,000	Nursing Home