

OFFICE OF MENTAL HEALTH

MISSION

The Office of Mental Health's (OMH) mission is to promote hope and recovery for people with psychiatric disabilities. It is responsible for planning and operating an integrated system of mental health care that serves adults with serious and persistent mental illness and children with serious emotional disturbances.

ORGANIZATION AND STAFFING

The Office of Mental Health is headed by a Commissioner who is appointed by the Governor. New York's public mental health system consists of programs that are operated by the Office of Mental Health, as well as community programs certified and funded by the State, but operated by local governments, not-for-profit and proprietary providers. OMH regulates and licenses approximately 2,500 programs across the State. The combined system serves both adults who have serious and persistent mental illness and children with serious emotional disturbances who have experienced substantial problems in functioning.

OMH currently operates 28 facilities across the State, including 17 Adult Psychiatric Centers and six Children's Psychiatric Centers. In addition, OMH operates three Forensic Psychiatric Centers that serve individuals with histories in the criminal justice system and two Research Institutes. OMH will have a workforce of 16,816 for 2004-05, most of whom work directly with patients. The remainder comprises supervisors of direct care and clinical workers, administrative support and management personnel.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2004-05 Executive Budget provides funds totaling \$2.13 billion for the Office of Mental Health from General Fund, Federal and third-party resources, a decrease of \$62 million, compared to 2003-04.

Budget recommendations for the Office of Mental Health will strengthen community mental health care and accountability and provide the highest quality inpatient care for people requiring such services.

Over the past nine years, the Office of Mental Health has strengthened community services while achieving greater efficiencies in the operation of its inpatient programs. The Agency has closed four psychiatric centers as well as unneeded State-operated inpatient beds at other facilities; consolidated adult inpatient care at three campuses onto one campus on Long Island; and fundamentally restructured State-operated outpatient services. Simultaneously, it has significantly expanded community housing, case management and other community services and supports for individuals with mental illness. As a result, approximately two-thirds of every dollar devoted to mental health services is now spent on community mental health care.

The recommended Budget for 2004-05 will continue this focus on community care by closing unnecessary institutional capacity and providing full funding for a number of multi-year initiatives to expand community-based services now underway. These include the Enhanced Community Services Program; Kendra's Law, with its assisted outpatient treatment and psychiatric medication grant programs; and the New York/New York II agreement and other housing development.

In addition, a total of \$7 million in new appropriations is provided to significantly expand mental health treatment capacity and clinical staffing for prisoners with serious and persistent mental illness. This funding will support a range of new and expanded treatment services based upon a statewide review of the forensic program. The Office of Mental Health will continue to work in partnership with the Department of Correctional Services to establish a

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new Behavioral Health Unit program model; almost triple the number of beds for the Special Treatment Program; expand bed capacity for the Intermediate Care Program; and improve access to clinical staff for mental health services.

Since 1994-95, the Office of Mental Health has also aggressively streamlined its administrative functions at all levels of the organization — Central Office, Field Offices, facility cabinets, clinical management and outpatient services. This effort has enabled it to eliminate over 700 administrative positions with a recurring annual savings of more than \$38 million. OMH has also redesigned local programs for greater efficiency, maximization of Federal Medicaid reimbursement and more effective service delivery. To achieve necessary savings in 2004-05, OMH will:

- Reduce spending on unnecessary inpatient capacity;
- Institute tighter controls on staffing by eliminating funded vacancies that are no longer essential;
- Limit non-personal services expenses through contract reviews and renewals and strict controls on travel, equipment and other purchases;
- Achieve local funding efficiencies through the elimination of duplicative and unnecessary spending and reimbursement mechanisms, including the Alternative Rate Methodology for certain hospitals; and
- Continue to implement initiatives to maximize Federal Medicaid reimbursement.

The 2004-05 Executive Budget also saves \$7.7 million by reducing Local Assistance contracts for less critical spending activities. While the severe fiscal restraints facing New York require efficiencies in all areas of government, this action will exclude reductions to core services for persons with serious and persistent mental illnesses including case management, residential programs and licensed outpatient programs.

COMMUNITY REINVESTMENT

The Executive Budget for 2004-05 recommends that the Middletown Psychiatric Center be closed on April 1, 2005 and that necessary inpatient capacity be consolidated at the Rockland Psychiatric Center. This measure will achieve significant operating efficiencies and capital construction savings while focusing on continued investment in community-based mental health services. One half of the facility closure savings achieved through elimination of unnecessary administrative, support and overhead costs will be reinvested to expand State-operated community services in Middletown's catchment area.

Importantly, the Governor continues to advance long-range proposals to reduce spending on costly and unnecessary institutional care and shift resources into comprehensive State and voluntary operated community-based residential and support services. Toward this end, the Governor will propose legislation to establish a bipartisan Blue Ribbon Commission for the Closure of State Psychiatric Centers. The Commission — comprising gubernatorial and legislative representatives — will provide facility closure recommendations based upon the overall OMH-projected need for inpatient beds. In addition, this legislation will extend the Community Mental Health Support and Workforce Reinvestment Act through 2010 to ensure that the Governor's new policy of reinvesting one-half of any facility closure savings for State-operated community services is continued for closures recommended by the Commission.

The 2004-05 Budget continues support for adult and children's community-based services that have been initiated under the Community Mental Health Reinvestment Act and incorporates this funding into the adult and children's programs. Community Reinvestment was designed in the early 1990's as a way to redirect resources from State-operated facilities into community-based services. These resources support community mental health services that are determined through a local planning process and encompass a wide variety of new and expanded programs for children and adults, including outpatient clinics, community support programs and residential beds.

Resources derived from Community Reinvestment have been supplemented over the years through the Governor's Enhanced Community Services Program, New York/New York II, Kendra's Law and other initiatives. Among the highest priorities is to expand community housing and strengthen the State's extensive system of community-based services by supporting its basic infrastructure and workforce.

The Governor's Budget also provides for \$9.6 million in full annual reinvestment funding for adults and children under the Community Mental Health Support and Workforce Reinvestment program. Part of this new funding will be used to support the opening of 600 supported housing beds for priority populations such as individuals leaving State facilities and adult homes, and for the homeless mentally ill. In addition, the Budget reaffirms the Governor's commitment to provide services to children in appropriate settings. Accordingly, all of the savings associated with children's inpatient bed closures will be reinvested into an array of evidence-based services for children. As a result, as many as four times the number of children now served in institutional settings will be served while living at home with their families.

ADULT HOMES INITIATIVE

The Governor's Budget includes resources to implement a series of recommendations made by the Adult Homes Workgroup comprising mental health advocates and adult home providers. The 2004-05 Executive Budget includes \$10 million budgeted in the Department of Health to support initiatives to improve the quality of life and safety for adult home residents in New York. The Department of Health, in partnership with the Office of Mental Health, the Commission on Quality of Care for the Mentally Disabled and the State Office for the Aging, will continue the statewide effort to conduct client assessments; improve medication management; initiate enhanced service coordination and other advocacy services; and expand social and recreational activities, including the creation of a quality of life fund for residents. These initiatives build on the Governor's reforms to strengthen the oversight and surveillance of adult homes.

ASSISTED OUTPATIENT TREATMENT

The 2004-05 Budget includes appropriations of \$32 million for the Assisted Outpatient Treatment program ("Kendra's Law") enacted in 1999-2000. The program provides court ordered assisted outpatient treatment for certain people with mental illness who, based on their treatment history and present circumstances, are unlikely to manage safely in the community without supervision. The appropriations support case management and other services aimed at keeping clients in a treatment program and on any required psychiatric medication. The appropriations also cover psychiatric medication to individuals being discharged from State psychiatric centers, community hospitals, prisons and jails while their Medicaid eligibility is being determined.

ENHANCED COMMUNITY SERVICES

Appropriations of \$86.4 million are provided for the Enhanced Community Services Program proposed by Governor Pataki in 2000-01. The program is supported by Health Care Reform Act (HCRA) revenues and, when combined with other funding sources, provides \$125 million for a wide variety of services, which strengthen the community mental health service system for children and adults. The program has significantly expanded case management, housing, family support, family-based treatment and other services. Moreover, the Enhanced Community Services Program has fostered more effective systems for managing resources to best serve the clients by establishing new Single Points of Entry at the local level. This improves the assignment of case management and housing opportunities to the most needy clients.

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COMMUNITY HOUSING

The 2004-05 Budget provides operational and capital funding for local programs to maintain the existing residential system and continue the development of community beds previously authorized through New York/New York II and other housing initiatives. The Governor's Budget continues the development of 2,000 additional community residential beds, with a \$65 million capital reappropriation to support the State's contribution towards the first phase of 1,000 beds. When fully operational, these 2,000 beds will require approximately \$50 million in additional ongoing support. Including this new commitment to expand residential capacity, the Budget supports 26,700 beds currently operating and 1,300 new community beds from prior-year initiatives that are expected to open by the end of 2004-05, as well as another 3,100 in other stages of planning and development.

The Governor's Budget also redirects savings from maximizing Federal Medicaid reimbursement to provide more than \$9 million in funding increases for the continued operation of 8,600 community residential beds for adults and children. This new funding will enable community residential programs to address appropriately the rehabilitative and support needs of priority populations.

CAPITAL PROJECTS

OMH's Capital Budget includes new appropriations of \$138.5 million for preservation and maintenance of inpatient and community facilities. Capital spending from new appropriations and re-appropriations will support facility projects that will increase health and safety, preserve and maintain the physical plant consistent with the Office of Mental Health's facility maintenance program and comply with accreditation standards. Capital spending is also provided for local programs to maintain the existing residential system and to continue development of community beds previously authorized.

PROGRAM HIGHLIGHTS

New York State will continue to rank number one in the nation in total spending and per capita spending on State and local programs for the mentally ill.

- State-operated facilities provide inpatient, outpatient and community support programs throughout the State that serve adults, children and forensic populations. State-operated psychiatric centers provide inpatient services to approximately 7,300 adults and children who are admitted annually, while over 34,000 individuals are served through various outpatient and support programs.
- While inpatients vary greatly in age, level of disability and length of hospitalization, a range of treatment and rehabilitative services is offered as patients progress from admission to discharge. In addition, OMH provides specialized services for physically disabled, aggressive and assaultive, and multi-diagnosed patients, as well as patients who have criminal histories.
- The Office operates an array of community-based programs located throughout the State. These programs, staffed with State employees, provide supportive services to enable individuals with mental illness to avoid long-term inpatient stays. State-operated community-based services currently include community residential facilities and residential care centers for adults and children, outpatient programs, intensive case management positions and a variety of supportive employment, work-for-pay, crisis and other community support programs.
- OMH operates two research units supported by State tax dollars and Federal and other grants, which include the OMH New York Psychiatric Institute in Manhattan and the OMH Nathan S. Kline Institute, located on the grounds of Rockland Psychiatric Center. These facilities conduct research in children and adult clinical treatment, basic biomedical and neurological sciences and health services for the mentally ill.

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- OMH also funds a wide range of community services provided by local governments and private organizations. These include emergency services such as Comprehensive Psychiatric Emergency Programs; outpatient services such as mental health clinics, day treatment programs, personalized recovery oriented services and community support programs such as Intensive and Supportive Case Management, residential programs and consumer-run self-help and self-operated programs. Overall, State Aid and Medicaid (budgeted largely in the Department of Health) will provide about \$2 billion for not-for-profit and county-operated community mental health programs through a network of approximately 2,500 programs serving over 600,000 persons a year.

In all mental health settings, the fundamental goal of OMH is to maximize access to quality mental health care for every single New Yorker. This includes bridging the gap between science and service and focusing on accountability for results, best practices and coordination of care.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	1,129,351,000	1,130,776,000	1,425,000	1,272,000
Aid To Localities	848,498,000	861,775,000	13,277,000	37,760,000
Capital Projects	215,482,000	138,494,000	(76,988,000)	551,370,000
Total	<u>2,193,331,000</u>	<u>2,131,045,000</u>	<u>(62,286,000)</u>	<u>590,402,000</u>

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration and Finance			
General Fund	534	534	0
Special Revenue Funds - Federal	14	14	0
Enterprise Funds	20	20	0
Internal Service Funds	24	24	0
Adult Services			
General Fund	11,415	11,275	(140)
Capital Planning			
Capital Projects Funds - Other	41	41	0
Children and Youth Services			
General Fund	1,970	1,965	(5)
Forensic Services			
General Fund	1,877	1,943	66
Maintenance Undistributed			
Special Revenue Funds - Other	397	397	0
Research			
General Fund	497	467	(30)
Special Revenue Funds - Other	27	27	0
Total	<u>16,816</u>	<u>16,707</u>	<u>(109)</u>

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**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	520,940,000	606,415,000	85,475,000
Special Revenue Funds - Federal	1,272,000	1,272,000	0
Special Revenue Funds - Other	596,551,000	512,325,000	(84,226,000)
Enterprise Funds	8,284,000	8,349,000	65,000
Internal Service Funds	2,304,000	2,415,000	111,000
Total	1,129,351,000	1,130,776,000	1,425,000

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2003-04	Recommended 2004-05	Change
Administration and Finance			
General Fund	53,307,000	56,069,000	2,762,000
Special Revenue Funds - Federal	1,272,000	1,272,000	0
Special Revenue Funds - Other	1,870,000	1,870,000	0
Enterprise Funds	8,284,000	8,349,000	65,000
Internal Service Funds	2,304,000	2,415,000	111,000
Adult Services			
General Fund	743,906,200	752,410,000	8,503,800
Special Revenue Funds - Other	15,025,000	0	(15,025,000)
Children and Youth Services			
General Fund	120,172,300	119,297,000	(875,300)
Enhanced Community Services			
General Fund	19,600,000	19,600,000	0
Forensic Services			
General Fund	115,515,500	123,304,000	7,788,500
Maintenance Undistributed			
General Fund	(573,531,000)	(504,330,000)	69,201,000
Special Revenue Funds - Other	573,531,000	504,330,000	(69,201,000)
Research			
General Fund	41,970,000	40,065,000	(1,905,000)
Special Revenue Funds - Other	6,125,000	6,125,000	0
Total	1,129,351,000	1,130,776,000	1,425,000

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	35,157,000	262,000	33,819,000	252,000
Adult Services	611,816,000	5,564,725	568,938,000	7,229,800
Children and Youth Services	106,456,000	(875,300)	98,456,000	(935,300)
Forensic Services	112,851,000	7,788,500	104,682,000	7,727,500
Research	34,922,000	(1,905,000)	34,359,000	(1,909,000)
Total	901,202,000	10,834,925	840,254,000	12,365,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	1,025,000	8,000	313,000	2,000
Adult Services	15,227,000	113,465	27,651,000	(1,778,540)
Children and Youth Services	3,350,000	25,000	4,650,000	35,000
Forensic Services	3,212,000	24,000	4,957,000	37,000
Research	53,000	0	510,000	4,000
Total	22,867,000	170,465	38,081,000	(1,700,540)

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Finance	20,912,000	2,500,000	822,000	18,412
Adult Services	140,594,000	2,939,075	69,002,000	1,253,888
Children and Youth Services	12,841,000	0	6,265,000	0
Enhanced Community Services	19,600,000	0	0	0
Forensic Services	10,453,000	0	6,364,000	0
Research	5,143,000	0	2,912,000	0
Total	209,543,000	5,439,075	85,365,000	1,272,300

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Finance	1,289,000	28,634	17,001,000	2,412,448
Adult Services	2,775,000	(101,541)	63,225,000	1,877,317
Children and Youth Services	509,000	0	5,526,000	0
Enhanced Community Services	0	0	0	0
Forensic Services	622,000	0	3,268,000	0
Research	75,000	0	2,091,000	0
Total	5,270,000	(72,907)	91,111,000	4,289,765

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	1,800,000	40,506	0	0
Adult Services	2,427,000	(90,589)	3,165,000	0
Children and Youth Services	541,000	0	0	0
Enhanced Community Services	0	0	19,600,000	0
Forensic Services	199,000	0	0	0
Research	65,000	0	0	0
Total	5,032,000	(50,083)	22,765,000	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Finance	13,906,000	176,000	4,328,000	0
Adult Services	0	(15,025,000)	0	(15,025,000)
Research	6,125,000	0	1,915,000	0
Total	20,031,000	(14,849,000)	6,243,000	(15,025,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	8,278,000	176,000	1,300,000	0
Adult Services	0	0	0	0
Research	4,210,000	0	0	0
Total	12,488,000	176,000	1,300,000	0

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	730,859,000	746,111,000	15,252,000
Special Revenue Funds - Federal	40,129,000	41,129,000	1,000,000
Special Revenue Funds - Other	77,510,000	74,535,000	(2,975,000)
Total	848,498,000	861,775,000	13,277,000

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AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2003-04	Recommended 2004-05	Change
Adult Services			
General Fund	588,292,000	594,556,000	6,264,000
Special Revenue Funds - Federal	32,294,000	33,294,000	1,000,000
Special Revenue Funds - Other	7,735,000	7,735,000	0
Children and Youth Services			
General Fund	142,567,000	146,755,000	4,188,000
Special Revenue Funds - Federal	7,835,000	7,835,000	0
Enhanced Community Services			
Special Revenue Funds - Other	66,800,000	66,800,000	0
Community Support and Workforce Reinvestment			
General Fund	0	4,800,000	4,800,000
Special Revenue Funds - Other	2,975,000	0	(2,975,000)
Total	848,498,000	861,775,000	13,277,000

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Design and Construction Supervision				
Capital Projects Fund	2,000,000	2,000,000	0	3,500,000
Mental Hygiene Capital Improvement Fund	8,000,000	8,000,000	0	7,150,000
Executive Direction				
Capital Projects Fund	0	0	0	3,325,000
Mental Hygiene Capital Improvement Fund	3,300,000	3,300,000	0	4,619,000
Community Mental Health Facilities				
Capital Projects Fund	7,000,000	6,000,000	(1,000,000)	27,384,000
Mental Hygiene Capital Improvement Fund	70,482,000	5,494,000	(64,988,000)	164,652,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	32,000,000	34,000,000	2,000,000	45,348,000
Mental Hygiene Capital Improvement Fund	91,700,000	78,700,000	(13,000,000)	287,392,000
Non-Bondable				
Capital Projects Fund	1,000,000	1,000,000	0	8,000,000
Total	215,482,000	138,494,000	(76,988,000)	551,370,000