

Mental Hygiene

Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD)
Department of Mental Hygiene (DMH)
Developmental Disabilities Planning Council (DDPC)
Office of Alcoholism and Substance Abuse Services (OASAS)
Office of Mental Health (OMH)
Office for People with Developmental Disabilities (OPWDD)

I. Overview

The mental hygiene agencies provide services to individuals with mental illness, developmental disabilities, chemical dependencies, and problem gambling. These agencies — OMH, OPWDD, OASAS, DDPC, and one oversight agency, CQCAPD — are expected to fund services for nearly 1 million individuals in 2011-12, including nearly 700,000 persons with mental illness, 260,000 persons with chemical dependencies or gambling problems, and 126,000 persons with developmental disabilities.

II. History/Context

The mental hygiene system currently operates institutional and research facilities serving about 7,200 people. The State also provides funding to support approximately 86,000 people in community residences. Additionally, the State supports numerous outpatient, employment, clinic, habilitative, and treatment programs in partnership with 4,300 not-for-profit provider agencies.

III. Proposed 2011-12 Budget Actions

The Executive Budget proposes to restrain spending growth through program redesigns that better target resources to high-priority and cost-effective services and make better use of performance metrics and fiscal incentives. While reducing State spending in State agency operations, this approach maintains the quality of care by increasing funding for lower-cost alternatives, redirecting funding from State-operated services to community-based programs, and targeted funding reductions.

By focusing on preserving critical direct care services, the 2011-12 Executive Budget is developing a more efficient system that directs the most help to those with the greatest needs. The Executive Budget proposals result in mental hygiene system funding of \$8.2 billion in 2011-12, an annual spending decrease of \$227 million. After these changes, New York's spending on mental hygiene programs will still be \$115 million greater than 2009-10 spending levels.

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The Executive Budget proposes \$604 million in gap-closing actions for the mental hygiene agencies in 2011-12. Efficiencies will be achieved by reforming and restructuring State and local programs and administrative practices, restructuring State-operated inpatient psychiatric capacity, delaying community bed development, placing aggressive cost controls on agency operations, maximizing payments from third-party payers.

The Executive Budget continues current funding to divert individuals from prison to treatment programs consistent with recent reforms to the State's drug laws, increases support for mental health services to certain adult home residents in New York City, and funds additional lower-cost day and support services for OPWDD clients.

IV. Summary of Spending (All Funds)

Category	2010-11 (\$ in millions)	2011-12 (\$ in millions)	Change	
			Dollar (in millions)	Percent
Total	8,429.9	8,203.0	(226.9)	(2.7)
OPWDD	4,468.9	4,323.3	(145.6)	(3.3)
OMH	3,348.8	3,278.1	(70.7)	(2.1)
OASAS	591.8	581.4	(10.4)	(1.8)
CQCAPD	16.2	16.0	(0.2)	(1.2)
DDPC	4.2	4.2	0.0	0.0

The spending change in OMH reflects a Federal court order to finance 4,500 additional supported housing beds for certain adult home residents in New York City and more civil confinements from the Sexual Offender Management and Treatment Act, which together are projected to drive increased costs of roughly \$50 million. All other spending in OMH is declining by \$121 million, or 3.6 percent.

V. Major Initiatives

Gap-closing Actions

Proposal	2011-12 (\$ in millions)	2012-13 (\$ in millions)
Restructure Non-Residential OMH Programs	27	30
Reform Financing of Various OPWDD Programs	73	98
Freeze Development of All New OMH Community Residential Programs for One Year	32	32
Delay Funding of New Community Residential Facilities	40	35
Utilize Quality Assessments to Determine Funding for OASAS Programs	27	27
Maintain Funding to Support Costs of Drug Law Reforms	20	20
Improve Collections through Audits and Third-Party Payment	92	89
Forgo Planned COLA/Rate Increases	42	42
Ten Percent General Fund State Operations Reduction	251	258
Total	604⁽¹⁾	631

⁽¹⁾ An additional \$88 million is occurring in 2010-11

Reforms/Efficiencies in Local Assistance:

These initiatives will:

- Restructure Non-Residential OMH Programs.** Restructure non-residential OMH programs, including Continuing Day Treatment, to encourage use of the more effective Personalized Recovery Oriented Services program. The budget also reflects targeted funding reductions to encourage efficiencies in certain community support programs including children's Clinic-Plus, non-direct services such as training and education, as well as local administration. The budget maintains 2010-11 spending levels for existing local aid programs. *(2011-12 Value: \$27 million; 2012-13 Value: \$30 million)*
- Reform Financing of Various OPWDD Programs.** Reform the financing of various OPWDD programs through rate, price and contract adjustments to both residential and non-residential services to reflect efficiencies, program restructurings and other cost efficiencies. These reforms include more aggressive reviews of providers' overall surplus/loss analysis, as well as further constraints on administrative and non-personal service costs. Funding for workshop, day training and other day services will be reduced to encourage placements into other, more effective community-based integrated day and employment programs. In addition, funding for transportation and residential habilitation services delivered in supervised Individualized Residential Alternative programs will be reduced to encourage efficiencies. *(2011-12 Value: \$73M; 2012-13 Value: \$98M)*

- **Freeze Development of All New OMH Community Residential Programs for One Year.** This freeze will help provide resources for the additional costs of certain adult home residents in New York City as required by a federal court order. Funding will be eliminated over the next two years for family-based treatment beds, which have not been as effective as projected. In addition, the Executive Budget will reduce aid to providers that are funded above the regional per-bed models for supported housing; convert residential pipeline units to lower-cost alternatives, which will also reduce capital expenditures by \$20 million; and reprogram 250 planned supported housing beds for adult home litigation requirements. *(2011-12 Value: \$32M; 2012-13 Value: \$32M)*
- **Delay Development of New Community Residential Facilities.** Delay the development of OPWDD community adult and children residential opportunities while investing to add 2,300 lower-cost residential and/or non-residential opportunities to support individuals and their families. Maintain local aid at 2010-11 levels. *(2011-12 Value: \$40M; 2012-13 Value: \$35M)*
- **Utilize Quality Assessments to Determine Funding for OASAS Programs.** Reduce funding for OASAS programs that fail to meet established performance indicators; reduce and restructure 41 existing gambling education, assessment and referral programs; delay the development of five gambling prevention programs and three Recovery Community Centers; maintain local payments at 2010-11 levels. *(2011-12 Value: \$27M; 2012-13 Value: \$27M)*
- **Maintain Funding to Support Costs of Drug Law Reforms.** Continue the current levels of funding for OASAS costs related to recent drug law reforms, including maintaining 250 additional residential beds opened in 2010-11. As a result, services for this population will be supported within existing OASAS capacity by enhanced performance and the prioritization of services. *(2011-12 Value: \$20M; 2012-13 Value: \$20M)*
- **Improve Collections through Audits and Third Party Payments:**

The Executive Budget promotes greater accountability by investing in technologies and procedures to improve auditing and billing processes. Proposals are included to:

 - Improve audit and billing processes and procedures for State-operated programs to maximize Federal and third-party payments. *(2011-12 Value: \$46M; 2012-13 Value: \$46M)*
 - Continue expanded efforts to recover State funds through enhanced audit activities and financial reviews of not-for-profit providers. *(2011-12 Value: \$46M; 2012-13 Value: \$43M)*

• **Forgo Planned Cost of Living Adjustments/Rate Increases:**

The Executive Budget maintains current levels for certain programs rather than provide funding increases scheduled for 2011-12. Proposals are included to:

- Defer the planned 1.2 percent annual human services COLA for one year. *(2011-12 Value: \$22 million; 2012-13 Value: \$22 million)*
- Maintain existing rates for OMH residential treatment facilities and community residences/family based treatment. *(2011-12 Value: \$20 million; 2012-13 Value: \$20 million)*

• **Ten Percent General Fund State Operations Reduction.**

The Executive Budget will decrease General Fund spending for State agency operations by 10 percent through a redesign effort focused on rightsizing government, increasing efficiencies, as well as by reducing workforce spending. Governor Cuomo intends to partner with State employee labor unions to achieve these workforce savings; if negotiations are not successful, significant layoffs are likely. *(2011-12 Value: \$251 million; 2012-13 Value: \$258 million)*

Other Budget Actions

Adult Homes. In response to a Federal court order, the Executive Budget continues a multi-year plan to provide additional funding for supported housing and support services needed for 4,500 individuals leaving certain New York City adult homes. In 2011-12, \$41.3 million, roughly \$40 million above 2010-11 levels, (growing to \$72M in 2012-13) will fund rental housing units and services for the first of these individuals beginning February 1, 2011.

