



Testimony of  
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Submitted to the  
New York State Senate Finance Committee  
and  
New York State Assembly Committee on Ways and Means

Regarding the  
New York State Executive Budget Proposals for  
Mental Hygiene  
State Fiscal Year 2015-2016

February 27, 2015

Good Morning. My name is Alana Leviton and I am the Policy Associate for Health and Mental Health at the Citizens' Committee for Children of New York (CCC). CCC is a 71-year old privately supported, independent, multi-issue child advocacy organization, dedicated to ensuring every New York child is healthy, housed, educated and safe.

CCC does not accept or receive public resources, provide direct services, or represent a sector or workforce. For 71 years, CCC has undertaken public policy research, community education and advocacy efforts to draw attention to children and their needs so that we can advance budget, legislative, and policy priorities that are cost-effective and provide better outcomes for New York's youngest residents.

I would like to thank Chairman Farrell and Chairman DeFrancisco and members of the Assembly Ways and Means and Senate Finance Committees for holding today's hearing on the Mental Hygiene related proposals in the Governor's Executive Budget for State Fiscal Year 2015-2016.

Governor Cuomo's speech upon delivering his State of the State and Budget Address made clear his intention to take steps to address income disparities and improve various outcomes for New York's children. While the economy has been steadily improving and the State is predicting a surplus, Governor Cuomo's Executive Budget also maintains his commitment to capping spending growth at 2%. We believe that while the Executive Budget takes some critical steps to accomplish the goals the Governor laid out, with additional investments, the State could still maintain a fiscally prudent budget and go further to address the needs of children and families.

Notably, we are supportive of the Governor's proposal to Raise the Age of criminal responsibility, which will produce better outcomes for youth while also improving public safety. We also support raising the minimum wage, the Dream Act, expanding supportive housing and programs for homeless families, and investing capital funds into the human services sector.

On the other hand, the Executive Budget invests almost no additional funding in early childhood education or child welfare, reduces funding for after-school programs, eliminates all funding for services for sexually exploited youth, and fails to invest needed resources into children's health and mental health. Furthermore, the Governor's investment in education aid is contingent upon the legislature passing a series of education reform efforts.

We urge the legislature to ensure that the New York State Enacted Budget for Fiscal Year 2015-2016 goes further than the Executive Budget by investing in the services and programs that have been proven to be cost-effective and to produce good outcomes.

Specifically as it relates to Mental Hygiene, please consider the following as you negotiate the budget:

New York State is in a unique position to design, plan, and implement a transformation of the children's mental health system. On January 1, 2016, New York State will transition the Medicaid benefit package for children's behavioral health to mainstream managed care. Assuming the proposed state plan amendment is approved by the federal government (CMS) and implemented well, this transformation will expand eligibility to allow more children to access behavioral health services; increase children's access to community-based step down services for those with higher needs; and provide coverage for an

array of support services to prevent condition escalation. Additionally, Medicaid Redesign will result in the movement of special populations of children who currently receive services through fee-for-service Medicaid and/or daily per diems into managed, such as children with serious emotional disorders, medically fragile children, and children in foster care.

Collectively, these reforms create the opportunity to improve New York's capacity to better address children's health and mental health needs. It is important to note that the overwhelming majority of children receiving Medicaid in New York are already enrolled in Medicaid managed care. For these children, managed care has not addressed the significant and complex workforce, reimbursement and infrastructure issues currently compromising the mental health service delivery system. Given the average early onset of mental illness and the array of negative life outcomes that follow when these needs go unaddressed, New York must prioritize strengthening the behavioral health care system's ability to provide more timely access to appropriate levels of care.

The Governor's Executive Budget includes several proposals that should help to address existing structural issues that present significant obstacles to achieving the triple aim of more effective, higher quality, and less expensive care. We urge the Legislature to support the SFY 2015-2016 Executive Budget proposals that strengthen children's access to behavioral health services including the proposals to use Medicaid APG rates for behavioral health services, provide \$45 million gross to enroll children in Health Homes, provide up to \$20 million for the technological issues involved in transitioning foster children to Medicaid Managed Care, and reinvest the savings from psychiatric bed reductions into community based services that prevent the need for higher levels of care. Furthermore, we urge the legislature to provide strong oversight over DOH, OMH and OCFS to ensure that DOH's commitment for planned expenditures on children is maintained. Finally, we are concerned that neither the Executive Budget nor the DOH plans for the use of Medicaid savings includes sufficient funds for the start-up and implementation costs for the transition of children's behavioral health care into managed care and urge you to ensure that at least \$50 million is allocated for this need.

***I. CCC urges the Legislature to support the Governor's proposal to grant the Department of Health the authority to use Medicaid APG rates for behavioral health services delivered in Article 31 and Article 28 clinics to Child Health Plus patients.***

CCC was pleased to see the Executive Budget proposal to extend Medicaid APG rates for behavioral health services to be used for children enrolled in Child Health Plus (CHP). Years of underfunding for community-based behavioral-health services have left many clinics, including Article 31 school-based mental health clinics and Article 28 school-based health centers, on the verge of closure. Currently, the average rate paid by CHP for a behavioral health visit is \$67.11, while the APG rate is an average of \$130 per visit. The Executive Budget proposal to extend Medicaid APG rates for behavioral health services to children with CHP coverage will help to address this specific barrier to clinic solvency and increase access to critical support services for children.

***II. CCC urges the Legislature to support the Executive's commitment to provide \$45 million gross in SFY 2015-2016 and \$90 million gross in SFY 2016-2017 to support the enrollment of children into health homes.***

New York State has made the decision to implement Health Homes for children, an initiative that provides enhanced care coordination and integration of primary, acute, behavioral health services while facilitating linkages to community services and supports for children with chronic conditions. Through cross-system collaboration and information sharing, this “person-centered” approach encourages communication and coordination and can thereby reduce unnecessary procedures and related costs. While the roll-out of adult health homes three years ago proved challenging, we appreciate the Administration’s effort to be more thoughtful and planful with regard to the State’s enrollment of children.

DOH’s planned expenditures includes \$45 million gross in SFY 2015-2016 and \$90 million gross in SFY 2016-2017 for the enrollment of children into Health Homes. With the State planning to phase children in starting October 1, 2015, this funding will be critical to a successful transition.

***III. CCC strongly supports the Article VII bill authorizing up to \$20 million for the transition of foster care children into Medicaid managed care.***

The SFY 2015-2016 Executive Budget authorizes up to \$20 million to support foster care agencies in the transition of foster children from Medicaid fee-for-service to managed care. This includes the rollover of \$5 million appropriated in last year’s budget that was not spent. These funds will support training, data collection and health information technology—all critical needs if this transition will be successful.

Presently, foster care agencies are paid a daily rate to respond to the complex health and mental health needs of children in foster care (who as a result do not have Medicaid managed care). Foster care agencies use this per diem to provide on-site health and mental health services, care coordination, nurses, medical equipment and other services that the state and localities are obligated to provide for the children in their care and custody.

To ensure a seamless transition of care for this vulnerable population of children, it is critical that foster care providers are ready and engaged in the managed care system prior to the January 2016 transition. The \$20 million will support readiness by allowing foster care providers to build systems for health information technology and develop necessary infrastructure for billing and contract maintenance with managed care organizations and downstream service providers.

For the transition to be successful, it will also be essential that the managed care rates for foster care agencies are sufficient and cover care coordination services; clear roles are defined for agencies, insurance companies and health homes; and quality services are funded and expanded. We remain hopeful that DOH, OMH and OCFS are working together on these components of the transition to ensure that the health and mental health care of these vulnerable and high needs children are met.

***IV. CCC urges the Legislature to ensure that \$15 million in savings attributed to the proposed closure of psychiatric inpatient slots remain within the mental health budget and support the expansion of community-based mental health services.***

As the State continues to move away from inpatient psychiatric treatment options, it is critical that any resource savings remain within the State’s budget for mental health and are used to help stabilize and expand community-based care. Currently, there is insufficient capacity to meet the needs of patients

seeking care in community-based settings. This is especially true for children in New York City. In 2012, on behalf of the New York City Citywide Children's Committee and NYC Early Childhood Strategic Mental Health Workgroup, CCC sought to estimate the gap between the need for mental health treatment slots and the number of treatment slots available for children throughout New York City. Through our analysis we found that an estimated 47,407 children ages 0-4 in New York City have a behavioral problem and 268,743 children ages 5-17 in New York City are estimated to have a mental health disorder. While we were unable to identify the citywide unmet need, due to the lack of data for Queens and Manhattan, our analysis of slot capacity for Brooklyn, Bronx and Staten Island suggests that there are only treatment slots for *1 percent* of children ages 0-4 and *12 percent* of children ages 5-17 who have treatment needs.

Compared to psychiatric hospitals, community-based settings offer children and families a larger menu of recovery-oriented treatment and related supports to better target the needs of the child. Promoting recovery in the community also strengthens families by allowing loved ones to access the care they need closer to home. Moreover, it is worth noting that community-based mental health service models can be more cost-effective than inpatient care.

***V. CCC urges the Legislature to negotiate a budget with the Governor that adds a one-time investment of \$50 million in FY 2015-2016 for support start-up and implementation costs related to the transition of children's behavioral health care into managed care including health information technology and workforce development.***

CCC is very concerned that the Executive Budget did not include sufficient funding for the infrastructure development needed to transition children's behavioral health to managed care. We were especially disappointed that we could not identify any provision calling for increased investments to help children's behavioral health care providers prepare for the transition into Medicaid managed care. Failure to provide adequate supports for this transition could impact the ability of providers to deliver and monitor high quality care in a timely manner.

The move to managed care requires a retooling of frontline practice, back office administrative practices and business operations in all provider settings. The multiple, ongoing Medicaid Redesign initiatives place a heavy workforce and administrative burden on behavioral health providers who may lack the resources and/or capacity to implement key requirements of the transition (such as electronic health records implementation), and cover costs incurred during the planning process. The lack of funding to support transition activities has had the unintended consequence of reducing existing capacity levels and increasing waitlist times for children as community-based providers have had to reading direct service staff to transition-related administrative duties,. Many children and families rely on these providers to meet their mental health needs and it is critical that the State do all it can to preserve and protect these vulnerable health care providers from avoidable financial risk.

To ensure a smooth transition and lay the groundwork for eligibility and service expansion, transitional funding and start-up resources must be made available. Successful reforms would result in family-centered, affordable, quality care that produce positive outcomes for children and youth.

***Conclusion***

We urge the Legislature to negotiate a budget with the Governor that ensures that the state remains

committed to the programs that produce positive outcomes for children, and ultimately saves the state money on more expensive interventions such as foster care, medical care, homeless shelters, and the juvenile justice system.

While we appreciate that very difficult choices about revenue increases and expense reductions need to be made, we urge you to protect the services that will ultimately be less costly to the children of today and the taxpayers of tomorrow.

Thank you for the opportunity to testify.