



Joint Legislative Public Hearing on
2015-2016 Executive Budget Proposal Mental Hygiene

Testimony of Ann Marie T. Sullivan, M.D.
Commissioner of the Office of Mental Health
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Thank you Senator De Francisco, Assemblyman Farrell, Senator Ortt and Assemblywoman Gunther and other members of the Legislature for this opportunity to discuss the 2015-16 Executive Budget for the Office of Mental Health (OMH).

As you know, we are in a time of transformation in our healthcare system that challenges us to provide population wellness and illness prevention, quality patient-centered care, comprehensive services for the chronically ill and all at a lower cost to New Yorkers. This will require, as demonstrated so well in the DSRIP (Delivery System Reform Incentive Payment Program), that we transform our system from one based too heavily on hospital use and institutional care to one that balances the need for community services. These services must focus on effective population health and wellness as well as acute and chronic care.

Our New York State mental health system must evolve in a similar way, and the proposed 2015-16 budget supports that transformation in mental health in critical ways. Fortunately, this budget provides resources to help transform our system of mental health care so that it can provide the right level of services to individuals in their communities while containing growing cost. The Executive Budget, while staying within the 2% State funding cap, significantly supports this transformative goal.

First, let me begin with the Medicaid Redesign and the implementation of Health and Recovery Plans.

Medicaid Redesign is focused on providing substantially better care for individuals with mental illness by utilizing prevention strategies and maximizing wellness, while containing costs.

The 2015-16 Executive Budget includes \$115 million in Medicaid to continue a full range of behavioral health transformation activities such as integration of health and behavioral health services, facilitating the transition of behavioral health care services from a fee-for-service system to a managed care environment, managed care start up grants, health home plus expansion, Home and Community-Based waiver service expansions, and targeted funds to preserve critical access to behavioral health services in communities.

It is especially exciting that the waiver services in Medicaid Managed Care will for the first time, through Health and Recovery Plans (HARPS), pay for peer services, respite and crisis services, employment and education supports for those with serious mental illness, enabling each individual to reach his or her desired goals and full potential.

Second, this budget builds on last year's effort to transform the State Mental Health Hospital System.

For decades, New York State, has sustained a system of mental health care for its citizens which relied heavily on state-operated hospitals. New York's extensive State Psychiatric Center inpatient capacity includes twenty four (24) facilities with nearly 4,000 budgeted beds. New York State currently significantly exceeds the national average inpatient utilization rate at state-operated psychiatric centers. This has been costly and has prevented the investment of dollars in needed community services.

We now know that innovative and effective community services can prevent avoidable inpatient admissions and readmissions, and that those dollars saved can be utilized at the front-end of care to enable individuals to lead more enjoyable and productive lives. New York's State-operated inpatient facilities serve approximately 1% of the total number of people served in the public mental health system yet they account for 20% of the gross annual system expenditures. This imbalance is not productive and we, as a State, can do better.

The Executive Budget continues the promise made last year by fully funding pre-investment and making an additional outlay of \$7.5 million (\$15 million full annual) in funding for Community Reinvestment, which builds upon the \$44 million of reinvestment enhancements that are continued from 2014-15. As you know, these funds, at the rate of \$110,000 for every bed reduced are reinvested in the expansion of State and voluntary operated community-based services across the State.

Last year through reinvestment dollars and working with our counties and community providers we developed a wide range of new services, such as supported housing, respite beds and mobile treatment units and Home and Community-Based waiver services for youth.

Third, the Executive Budget recognizes the pressures of rising housing costs by continuing and adding to rental stipends, as well as, COLA support for direct care staff and forensic re-entry services.

It is not possible to provide quality care without quality housing. Last year, OMH was fortunate to be able to include an addition to the supported housing rental stipend of \$550 targeted to downstate areas. This year, the Executive Budget includes \$10 million dollars to further expand that much needed rental stipend by an average additional \$750 dollars in areas facing fair market value cost pressures. These two increases help to bring many supported housing programs across the State closer to closing the fair market gap.

Additional housing investments in the OMH budget include \$20 million to fully annualize funding for 1,700 residential pipeline beds, for those coming out of adult and nursing homes and NY/NY 3 housing.

If quality staff are to be maintained in our mental health programs then they need appropriate payment for their services. Following the promise made in last year's Executive Budget, the OMH 2015-16 Executive Budget provides \$20 million to fully fund a 2% salary increase for direct care and support workers on January 1, 2015 and another 2% salary increase on April 1, 2015 for those same direct care and support workers as well as clinical workers. This is critical assistance for recruiting and retaining staff.

Individuals with chronic mental illness leaving prison are especially vulnerable to difficulties in re-entering society. This is why the Executive Budget includes significant funding of \$22 million dollars for an expanded forensic re-entry program and prison based OMH services.

This year we will be significantly expanding our longstanding partnership with DOCCS to include more comprehensive assessments, treatment and discharge planning for inmates, as well as intensive outpatient treatment and specialized housing after discharge.

I firmly believe we can achieve a system of care for individuals with mental illness which applies integrated approaches that simultaneously improve care, improve population health, and reduce costs per capita. The Governor's Budget strongly supports this goal. I would be happy to answer any questions you may have concerning OMH's Budget.