



State Operations

	Mental Hygiene Program/PIA Funds	MH/PIA Fringe & Indirect Funds	Other Funds	Total Operating	Capital Funds
2009/10 Available	\$1,400,533,000	\$516,311,000	\$7,025,000	\$1,923,869,000	\$250,751,000
2010/11 Recommendation	\$1,449,436,000	\$580,927,000	\$7,325,000	\$2,037,688,000	\$268,464,000
Change	\$48,903,000	\$64,616,000	\$300,000	\$113,819,000	\$17,713,000

Note: These highlights reflect Financial Plan cash spending projections for OMH State Operations funding in the 2010/11 Executive Budget

Overview

The 2010/11 Executive Budget for Office of Mental Health (OMH) State Operations balances the competing challenges of achieving savings in response to fiscal conditions while ensuring that mental health obligations continue to be met. The year-to-year growth in State Operations funding supports OMH’s network of psychiatric health care settings which are required to meet national accreditation standards set by The Joint Commission and the Centers for Medicare and Medicaid Services. This accreditation is necessary for maintaining about \$1.3 billion in patient revenue streams to the State. These State operated hospitals are the safety net for people with complex and severe psychiatric illnesses who have not been stabilized in other settings. While significant savings have been identified in the budget development process, the net growth in spending is attributed to maintaining quality of care standards for this vulnerable population. Growth supports negotiated salary increases and related general state charges and modest inflation for energy and pharmacy.

Savings Actions*

2009/10 Savings Implemented	\$29.2 million
2010/11 Savings Proposed	\$63.9 million
Total State Ops Savings.....	\$93.1 million

* Values include related fringe and indirect savings

Implementation of 2009/10 Spending Controls

- ◆ **Voluntary Severance Program:** The 2010/11 Executive Budget annualizes the savings measures initiated in SFY 2009/10 as part of the Voluntary Severance Program (VSP). This initiative, which resulted in reduction of 290 FTEs will annualize at a total savings of \$23.4 million in Personal Service and Fringe Benefits savings. Year-to-year

changes are recognized in the Annualizations and Adjustments section below.

- ◆ **Deficit Reduction Plan:** The 2010/11 Executive Budget continues the \$5.8 million in non-personal service savings measures that OMH has taken as a result of the 2009/10 mid-year Deficit Reduction Plan (DRP). Savings measures will be taken through agency operating efficiencies.

2010/2011 Proposed Savings

- ◆ **Ward Efficiencies (-\$9.0 million):** The 2010/11 Executive Budget authorizes that up to 250 Adult inpatient beds be reduced or replaced via conversion to the Transitional Placement Program (TPP). TPPs provide support to transition individuals to community care. Although it is hoped that workforce reductions can be achieved through attrition, Article VII legislation has been advanced to notwithstanding sections of the Mental Hygiene Law to effectuate the achievement of financial plan savings.



- ◆ **Other Savings Actions (-\$54.9 million):** The 2010/11 Executive Budget includes several recommendations to enhance agency operating efficiencies such as converting certain Information Technology contracts to State jobs, overtime savings, a review of Hazardous Duty Pay and Standby/On-Call Pay to ensure appropriate usage, a reduced planned annualization of targeted salary enhancements to promote recruitment and retention of clinical staff, eliminating the duplicative Unmet Needs Study, and a reduced annualization of a variety of Forensic programs including savings for the enhanced use of video-teleconferencing of certain Sex Offender Management & Treatment Act (SOMTA) judicial proceedings (-\$31.7 million). Lastly, reductions include savings related to OMH's share of proposed collective bargaining savings (-\$23.2 million).

Annualizations and Adjustments

Prior Year Initiatives (+\$18.0 million)

The 2010/11 Executive Budget includes adjustments related to the annualization of the 2009/10 Adult inpatient restructuring initiative (-\$6.3 million); SOMTA expansion to support projected census growth to 230 individuals (+\$16.3 million); annualization of the Voluntary Severance Plan (-\$18.9 million); Forensic programs (+\$5.4 million); and continuing other existing programs (+\$21.5 million).

Supporting Base Operations (+\$101.5 million)

The 2010/11 Executive Budget includes funding for negotiated salary increases, salary increases for State employees not yet at the job rate and other salary-related adjustments (+\$79.7 million), and restored energy, pharmacy and medical expenses (+\$21.8 million).

Indirect Costs and Fringe Benefits (+\$57.9 million)

The 2010/11 Executive Recommendation includes growth of \$54 million related to fringe benefit and indirect rate adjustments. A further adjustment has been made to recognize Civil Service Chargeback costs for non-general fund positions (+\$3.9 million).

Other Funds (+\$0.3 million)

The 2010/11 Executive Budget also includes other funds growth of \$0.3 million to recognize grant funding received by certain NYC-area psychiatric centers participating in New York City's Healthcare Emergency Preparedness Program.

Workforce

The Executive Recommendation provides All Funds support for an estimated 16,169 FTE at the end of Fiscal Year 2010/11, reflecting a net budgeted reduction of 128 authorized FTE from March 31, 2010.

Census/Bed Levels

The 2010/11 Executive Budget includes ongoing support for 3,380 Adult inpatient beds, 538 Children & Youth (C&Y) inpatient beds, 715 Forensic inpatient beds and a projected SOMTA census of 230. In comparison, in 2007/08 OMH supported 4,030 Adult inpatient beds, 526 Children & Youth inpatient beds, 695 Forensic inpatient beds, and a SOMTA census of 123 individuals.

Capital (+\$17.7 million)

Capital disbursements for State Facilities totaling \$268.5 million include new funds to support facility activities of building preservation, design, and construction, health and safety, accreditation, energy conservation and environmental protection.

Article VII Legislation

Elimination of the Duplicative Unmet Needs Study:

Removes the requirement that the OMH submit a report on unmet mental health needs as OMH is currently required to perform a comprehensive review, assessment and analysis of the needs of those with mental disabilities pursuant to Mental Hygiene Law (MHL) § 5.07.

Clarify Authority of OMH Facility Directors as Representative Payees:

Amends MHL to clarify that facility directors of State-operated facilities may use funds received in their capacity as representative payees to pay for the cost of care and treatment for patients, once certain requirements have been met, consistent with federal law.

Video-teleconferencing of Certain Judicial Hearings:

Encourages the use of video-teleconferencing for certain judicial proceedings and hearings to reduce transportation and staffing costs of the SOMTA program.

Ward Reductions and Transitional Placement Program, and Extension of Reinvestment:

Authorizes OMH to reduce OMH operated Adult inpatient capacity and to develop Transitional Placement Programs providing supervised housing and outpatient support services. The bill also extends the Community Mental Health Support and Workforce Reinvestment Act until March 31, 2011, but exempts the scheduled capacity reductions and conversions from the statute.