

**OFFICE OF MENTAL HEALTH
AID TO LOCALITIES – ALL GOVERNMENTAL FUNDS
2013/2014 ENACTED BUDGET HIGHLIGHTS**

	GF/Mental Hygiene Program Fund	Other Funds (Including MGP-SRO)	Total Operating	Capital Fund
2012/13 Available	\$1,092,935,000	\$37,751,000	\$1,130,686,000	\$26,323,000
2013/14 Enacted Budget	\$1,095,996,000	\$42,430,000	\$1,138,426,000	\$51,000,000
\$ CHANGE	\$3,061,000	\$4,679,000	\$7,740,000	\$24,677,000
% Change	0.28%	12.39%	0.68%	93.75%

Note: These highlights reflect Financial Plan cash spending projections for OMH Aid to Localities funding in the 2013/14 Enacted Budget.

Overview

The 2013/14 Enacted Budget for the Office of Mental Health (OMH) reflects a net \$32.4 million increase in Local Assistance spending attributed to a \$24.67 million increase in Capital funds and a \$7.74 million increase in Operating funds primarily attributed to Legislative program adds and Federal funding. The budget growth for operational costs to support residential units already in development opening combined with the funding for the nursing home litigation settlement and adult homes is offset by implementation of cost saving measures required to balance the State's budget.

While the Aid to Localities Budget limits growth, OMH continues to advance structural reforms for expanding and strengthening care management and accountability; investing in cost effective early identification and prevention services; promoting treatment excellence and the highest standards for quality of care; and developing integrated, affordable housing in the community. The 2013/14 Enacted Budget continues the reforms underway while controlling spending by promoting efficiencies and reinvesting under-utilized resources into long-term, cost-effective solutions. Importantly, the OMH is working closely with the Office of Alcoholism and Substance Abuse Services and the Department of Health to improve care coordination and the integration of health and behavioral health care by implementing Health Homes and designing new managed care financing and delivery models for implementation starting in 2014/15.

All Programs

Eliminate Cost-of-Living-Adjustments (COLA) (-\$15.8 million)

To address New York's budget deficit, the State must control growth in all areas of government. Consistent with this statewide objective to balance the budget, the 2013/14 Enacted Budget eliminates the 1.4 percent cost of living adjustment (COLA) for 2013/14, and includes continuation of the three year commitment for an additional year through 2016-17.

Residential Restructuring and Delays in Residential Bed Pipeline (-\$10.0 million)

The 2013/14 Enacted budget includes savings through natural delays in community development, conversion of OMH residential pipeline units to lower cost, mixed use alternatives, and leveraging of tax credits. The savings are associated with ongoing bed development slippage including natural delays in the identification of affordable properties, site location and construction. Importantly, the 2013/14 Enacted Budget provides full support to continue development for residential capital projects including the New York/New York III homeless housing agreement and supported housing for the nursing home settlement and adult home litigation. In addition, the Department of Health's budget fully annualizes operational resources as part of the Medicaid Redesign Team (MRT) reforms for OMH to develop 700 new supported housing units targeted to high-cost/high-need Medicaid recipients.

Medicaid Recoveries and State Aid Close-Outs

The 2013/14 Enacted Budget continues OMH's comprehensive strategy to ensure the aggressive and timely recoupment of all outstanding liabilities including: Medicaid recoveries for Comprehensive Outpatient Programs (COPS) and Community Support Programs (CSP) for payments that are beyond allowable funding thresholds; Exempt income for residential programs; and State Aid close-outs for counties and direct contract providers that identify recoveries for program under spending and/or disallowances.

Legislative Changes (+\$3.81 million)

OMH's Local Assistance cash in 2013/14 was increased from the Executive Budget Recommendation by \$3.81 million for the following legislative adds:

- Demonstration programs for counties impacted during State Fiscal Year 2011-12 by the closure of state-operated hospitals established under section 7.17 of the Mental Hygiene Law (+\$350,000);
- Nathan S. Kline Institute for Psychiatric Research (+\$175,000);
- Mental Health Association in New York State, Inc. (+\$50,000);
- North Country Behavioral Healthcare Network (+\$100,000);
- NLP Research and Recognition Project (+\$300,000);
- Veterans peer-to-peer pilot programs (+\$2,285,000);
- Unlimited Potential, Inc. (+\$150,000);
- Warrior Salute program (+\$100,000);
- Farm Net (+\$300,000)

Other Initiatives

Continue to Improve Employment Opportunities through Ticket to Work Program

In 2012/13, New York was designated status as an Employment Network under the Ticket-to-Work program. In 2013/14, OMH will continue to use the infrastructure developed under the Federal Medicaid Infrastructure Grant (MIG) and Ticket to Work resources to expand New York State's capacity to support individuals with all disabilities with a desire to work; build comprehensive, cross-agency, sustainable, coordinated systems of support and services to advance employment for individuals across the full spectrum of disabilities; and support the goal of removing barriers to employment and create lasting improvements for New Yorkers with disabilities. The goal is to positively impact the ability of the New Yorkers with disabilities and help them find and retain competitive and integrated employment opportunities.

Annualizations and Other Adjustments

Nursing Home Settlement/Adult Home Litigation (+18.0 million)

The 2013/14 Enacted Budget includes a \$18 million spending for the continued development of housing and community services for the nursing home settlement and adult home litigation. Specifically, the Budget includes a \$4 million spending increase for care coordination, supported housing and services to support qualified residents of nursing homes to implement the settlement Federal litigation in the matter of *Joseph S. vs. Hogan, et al.* In addition, the Budget includes a \$14 million spending increase for the provision of education, assessments, training, in-reach, care coordination, supported housing and other services for mentally ill residents of adult homes, which were identified in the 2009 federal district court case in the matter of *Disability Advocates, Inc. v. Paterson, et al.*

Annualization / Base Level Adjustments (+\$7.051 million)

The 2013/14 Enacted Budget annualizes funding for prior year initiatives (i.e., new residential beds opening, clinic restructuring, and program conversions) and base level growth attributed to capital, and other miscellaneous adjustments, partially offset by the annualization of cost savings measures initiated in the 2012/13 Enacted Budget.

Community Capital

The 2013/14 Enacted Budget includes \$51 million in local capital spending for community facility projects. These funds will be used for ongoing maintenance and continued development of the residential pipeline.

Office of Mental Health - Article VII Legislation

- **Eliminate Cost-of-Living-Adjustment (COLA):** The Budget includes language to eliminate the 2013/14 COLA for human services agencies and extend the statute for an additional year through March 31, 2017.
- **Clarify Existing Authority for Recovery of Exempt Income from Residential Programs:** The 2013/14 Enacted Budget extends the statutory language for the recovery of exempt income from residential programs for the periods from January 1, 2011 through December 31, 2014 for programs located outside of the city of New York, and from July 1, 2011 through June 30, 2014 for programs located within the City of New York.
- **Mental Health Incident Review Panels:** This budget includes language to establish Mental Health Incident Review Panels for the purposes of reviewing the circumstances and events related to a serious incident involving a person with mental illness who is physically injured, causes physical injury or becomes involved in a violent criminal incident. These panels will identify problems or gaps in mental health delivery systems to make recommendations for corrective actions to improve the provision of mental health or related services, to improve the coordination, integration and accountability of care in the mental health service system, and to enhance individual and public safety.
- **Extend the Community Mental Health Reinvestment Act:** The Legislature extended the Community Mental Health Support and Workforce Reinvestment Act through March 31, 2015.

Department of Health\Medicaid Redesign Team - Article VII Legislation

- **Behavioral Health into Managed Care Transition Requirements:** Establish requirements for the transition of behavioral health services into managed care plans to ensure that such plans have an adequate network of providers to meet the behavioral health and health needs of the enrollees, and require a review of the adequacy prior to approval of such contract, and upon contract renewal or expansion.
- **Government Rates for Managed Care:** Extend the sunset of government rates to providers through managed care organizations and provide equivalent fees through the Ambulatory Patient Group (APG) methodology through March 31, 2016.
- **Social Worker Licensing Requirements:** Extend the exemption for the social work and mental health practitioner licensing requirements for persons employed by a program or service operated, regulated, funded or approved by the Department of Health, the Office of Mental Health, the Office for Persons With Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the State Office for the Aging, the Office of Children and Family Services, the Department of Correction and Community Supervision and or other local governments or social service districts, for an additional three years through July 1, 2016.