



Testimony

of

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before the

New York City Council

**Committee on Finance
Committee on Health
Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disability
Services**

regarding

FY10 November Financial Plan

November 20, 2008

**City Hall
New York City**

Good afternoon Chairpersons Rivera, Weprin, Koppell, Palma and members of the Committee on Health, Committee on Finance, Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disability Services, and Subcommittee on Substance Abuse. I am Dr. Tom Frieden, New York City Health Commissioner.

The City's commitment to public health remains strong. This Administration's public health initiatives and the important support of the City Council have helped New Yorkers live longer and healthier lives than ever. Under Speaker Quinn, the City Council has championed public health and mental hygiene, designating more than \$150 million to health organizations since FY07, and we are working closely together to ensure that this funding is spent efficiently and effectively. The Council's support has been particularly important to our efforts to address colon cancer, HIV, infant mortality and mental health issues for older adults and young children. Together we should feel proud of these accomplishments. We appreciate the Council's commitment to health and look forward to working with you as we navigate these turbulent economic times.

New York City is healthier than ever. We have 300,000 fewer smokers, meaning that 100,000 people will live longer. Our infant mortality rate fell to its lowest ever – 5.4 deaths per 1,000 live births, far lower than the national rate. We now have 1,600 first time mothers and their families enrolled in the Nurse-Family Partnership, making it the largest such program in the country. Child lead poisonings have fallen almost 60% in the past 6 years. New tuberculosis cases have declined 20 percent since 2003. We have greatly expanded HIV prevention and voluntary HIV testing. And, New Yorkers are living longer than ever – 78.7 years, which is higher than the national average of 77.9.

Despite the worst financial crisis in 70 years, we will continue to make progress. The agency fiscal context is noteworthy. This PEG comes on the heels of significant cuts required last year and recent cuts in state and federal funding. During the past few years, we have had a more than \$20 million annual reduction in federal funding in the areas of HIV/AIDS, tuberculosis, sexually-transmitted disease control, immunization and emergency preparedness.

The City has also experienced significant losses in state funding, including grants in several of the areas just discussed but more notably in our core state local assistance funding resulting in a nearly \$7 million loss in state funds for the current fiscal year. The combination of increased fiscal pressures makes it very likely that we will face even larger state funding reductions in the coming year.

One of our core values as an agency is to be diligent stewards of public resources, and we work hard to ensure that every dollar is well spent. Over the past several years, DOHMH consistently met at least half of its required savings targets (and frequently, a much higher proportion) with revenue-related initiatives, avoiding \$110 million in total programmatic and operational reductions through the current fiscal year, and roughly \$45 million in avoided service cuts on annual basis for FY10 and beyond. This has been especially challenging considering that many DOHMH programs, including vaccinations, STD clinics, Early Intervention, correctional health, school health and animal control are all legal mandates that the Agency is required to support regardless of the fiscal situation.

The Mayor's recent request for agencies to find savings of 2.5% for FY09 and an additional 5% for FY10 and the out-years requires us to be creative in finding ways to protect core services and maintain quality of life while contributing to the City's overall fiscal stability. We reviewed our existing programs rigorously, focusing on programs proven to save lives or make significant improvements in health and mental hygiene.

For example, independent analyses as well as our own evaluations show that hard-hitting anti-tobacco media campaigns save lives. The Department's campaigns helped spark an almost five-fold increase in calls to 311 for quit-smoking assistance, from about 11,000 in FY05 -- the year that preceded the launch of the Health Department's anti-tobacco media campaign -- to more than 50,000 calls in FY08. New York now has 300,000 fewer smokers than 6 years ago, preventing about 100,000 premature deaths in the future. Our media campaigns have driven a significant portion of this decline. In fact, our own experience is that without these campaigns, the reduction in smoking stalled. This is consistent with an article from the prestigious New England Journal of Medicine, which showed that California's consistent smoking decline stalled when its comprehensive tobacco control program was made less effective by reducing program funding and media campaigns.¹ Multiple studies, including a recent comprehensive review by the National Institutes of Health, confirm similar findings in states with comprehensive tobacco control programs. When anti-tobacco campaigns are weakened by cutting funding or diluting aggressive messages, states see a flattening or reversal of smoking prevalence declines.

In making decisions about how best to achieve savings, DOHMH uses a three-tiered process. First, we identify revenues that can help meet targets, resulting in the need for fewer service cuts. This often includes maximizing federal and state revenue or improving the collection and recognition of revenues we already receive. We have been able to achieve our entire FY09 target and more than 40% of our FY10 target through revenue-related initiatives.

Second, we identify efficiencies to provide the same service at lower cost. We streamline business processes, trim lower-priority purchases and consolidate activities to ensure that every dollar spent yields the greatest possible public benefit. The Department's FY10 budget includes almost \$400,000 in cuts to central administration and other efficiencies, including canceling certain consultant contracts, postponing technology upgrades, reducing vehicle use and transportation costs, and scaling back the purchase of office supplies and patient incentives.

We are also closing the part-time East Harlem STD clinic due to low utilization, saving the City \$273,000 annually. Clinic visits to this site accounted for only 3.8% of the total DOHMH STD clinic visits over the past few years, and 63% of the patients treated at this clinic are from outside the East Harlem neighborhood. DOHMH will continue operating nine clinics, including nearby sites in Central Harlem, Riverside, and Chelsea. Closing this clinic will allow DOHMH to transfer East Harlem staff to our busier clinics to enhance services where they are needed the most. There are no layoffs associated with this action.

¹ Fichtenberg C, Glantz S. Association of the California Tobacco Control Program with Declines in Cigarette Consumption and Mortality from Heart Disease. *New England Journal of Medicine*. 2000; 343: 1772-1777.

Third and most challenging, we identify programs and operations that, however well run, can be cut with the least impact on public health of the options available. Instead of reducing programs across the board, we target reductions in order to minimize the negative public health impact. These are the most difficult cuts to make, but unfortunately they are sometimes inescapable. Reducing or eliminating programs is never easy.

As proposed in the November Plan, DOHMH will no longer provide direct oral health services, saving the City \$2.5 million in FY10, and \$3.4 million in FY11. All sites will cease operation by the Department at the end of the fiscal year, including our five health-center based clinics and 39 community-based sites, mostly in schools. The Health Department provides oral health services to approximately 1% of the City's children; most free and low-cost children's dental services are provided through Medicaid and Child Health Plus, which are available in New York State to children whose family income is up to 400% of the federal poverty level. Medicaid as a funding source for oral health care remains under-utilized: only 45% of children in Medicaid managed care – who are all covered for dental care – had a dental visit in the past year. If this percentage increased to just 50%, more than 50,000 additional children would receive dental services—approximately three times the number currently served by DOHMH's oral health program.

DOHMH will work to help families access low-cost dental services. We are in the process of identifying providers who may be able to take over services at some or all of our current locations, or absorb our patients into their practice. We will also help families make a smooth transition to a new provider, either through Medicaid/Child Health Plus through HHC or through Federally Qualified Health Centers.

Unfortunately, closing our oral health program requires us to lay off 92 employees, including dentists, dental hygienists, and dental assistants. Our Human Resources department is committed to helping employees who will be laid off with job skills training and outplacement help.

We would very much prefer not to have to make this service reduction. By finding oral health providers in the community to serve these children, linking them to care, and doing everything we can to smooth the transition for affected employees, the Health Department will minimize this cut's impact.

Mental hygiene cuts will achieve total savings of \$4.4 million in FY10. While most of these savings will come from revenue, claiming, and efficiency measures, some may have program impact. The savings are from program closures that have been initiated by the service providers, as well as from closures of underperforming programs that have repeatedly failed to meet contractual commitments for the number of people served or which have had multiple bad audits and failed to correct their performance. In all cases, consumers will be redirected to remaining programs, and no one who is currently receiving services will be denied services. Also, funding will be reduced for six HHC clinics and nine community-based programs serving individuals with developmental disabilities, and for two HHC programs serving children and families affected by HIV which have other sources of funding. DOHMH will also reduce a limited number of contracted mental hygiene services by 2% or less, asking programs to identify

efficiencies. We believe the vast majority of these reductions will be offset through efficiencies or by maximizing other available sources of public funding such as Medicaid.

Funding for Animal Care and Control (AC&C) will be reduced by \$434,000, or approximately 5% of the projected FY10 budget. This is the first reduction to AC&C's budget in more than five years, and is in line with the overall reduction to DOHMH's budget for FY10. Had AC&C not been protected from other recent budget reductions, it would have faced millions of dollars in additional cuts. We will work closely with AC&C in the coming months to minimize the impact on animal welfare and public health.

The November Plan also includes funding reductions for a wide range of other programs, services and administrative operations. Other funding cuts include a reduction of funds to purchase Plan B emergency contraception pill packs; reducing the number of "safe house" apartments used to house families whose homes are undergoing lead abatement; a reduction in training sites and sessions for the fitness programs; and small reductions in education and surveillance for children suffering from asthma.

We are facing tough financial times that will without a doubt get worse. We will work hard to continue the progress we've made together over the past seven years. Decisions to reduce or eliminate programs are not made lightly and are proposed only when we've exhausted all other options.

I appreciate the Council's support for health and mental hygiene in New York City and look forward to our continued work together. I'm happy to answer your questions.

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