



Testimony

of

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and

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before the

**New York City Council
Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and
Disability Services**

and

Subcommittee on Drug Abuse

regarding

FY10 Preliminary Budget

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Good afternoon Chairpersons Koppell, Palma and members of the Committees. I am Dr. Tom Frieden, New York City Health Commissioner. Joining me is Executive Deputy Commissioner for Mental Hygiene, Dr. Adam Karpati.

In his 2009 State of the City address, Mayor Bloomberg outlined an ambitious agenda that will allow New York City to weather the current economic downturn while preserving and enhancing core services and quality of life. This agenda focuses on three key areas: 1) creating jobs, 2) strengthening quality of life, and 3) promoting even greater accountability and efficiency to ensure quality services for all New Yorkers. The Health Department (DOHMH) is committed to the pursuit of this agenda and will continue to fulfill our mission of promoting and protecting the health of New Yorkers despite the current financial crisis.

State and Federal Budget Overview

Let me begin with an overview of state and federal budget actions affecting DOHMH. The State's executive budget eliminates funding for the Key Extended Entry Program (KEEP). KEEP provides 15,000 medically supervised detoxifications from opiates and 5,000 methadone treatment admissions each year. Inmates not treated with methadone while incarcerated are more likely than their methadone treated peers to relapse back to heroin and return to jail; KEEP participants have an average reporting rate of 74% for community treatment upon discharge. Beyond preventing relapse among inmates and individuals who have been released from jail, KEEP reduces infectious disease risk both within the jail and in the larger New York City community, and decreases the potential for re-arrest associated with opioid dependence. Elimination of this program will increase relapse rates post release, creating financial and societal costs that will exceed savings gained through cutting this initiative. I would like to thank Council Members Koppell and Palma for their advocacy on behalf of KEEP.

The Governor's budget also includes several proposals affecting the Early Intervention (EI) program, including a continuation of the 2% cut in state reimbursement and an additional 6% reduction in the City's administrative grant. The Governor's proposal would also establish a \$44 million annual assessment on private insurance plans regulated by the State. While a step in the right direction, the Governor's proposal lets insurers off the hook for a fraction of their obligation to pay for children receiving EI services, which we estimate to be approximately \$80 million in NYC alone. We will continue to work with our partners locally and in Albany to advocate for sensible EI reforms that will reduce the City's costs while ensuring that the right kids continue to get the right services.

We are optimistic about recent developments at the federal level. The American Reinvestment and Recovery Act of 2009 includes opportunities for mental hygiene funding. DOHMH hopes to be eligible to receive funding and is partnering with other agencies to identify additional opportunities. We look forward to working with our federal partners to find as much funding as possible for mental hygiene in New York

City; however the temporary and specific nature of this funding cannot solve structural budget problems or be used for purposes beyond the priorities stated in the Act.

Dr. Karpati will now discuss in more detail the Department's efforts to improve the lives of New Yorkers with mental illnesses, with alcohol and substance use problems, and with developmental delays and disabilities.

DOHMH Highlights and Priorities

Thank you Chairpersons Koppell, Palma and members of the Committees.

The Department continues to reduce accidental overdose deaths by increasing the availability of treatment for opioid dependence, and by expanding overdose prevention education and access to naloxone, an opioid antagonist that can reverse overdose. The number of people on buprenorphine, an effective drug for opioid dependence, has doubled in the past two years. Sterile syringe access programs continue to prevent injection-related disease transmission and improve injection-related hygiene. We would like to thank the Council for your continued support of these programs throughout the City.

Screening, brief intervention, referral, and treatment (SBIRT) has proven effective for reducing risky or hazardous alcohol and drug use and is being implemented in health care settings where providers can take advantage of "teachable moments," such as emergency departments, primary care offices, and our DOHMH STD clinics.

The Managed Addition Treatment Services (MATS) program increases retention in alcohol and drug use treatment services for frequent users of costly in-patient detoxification services. Program clients receive intensive case management services to support stabilization and retention in longer-term treatment, while ensuring the necessary connections to housing, employment services, health care, psychiatric treatment, and other services. By the end of 2008, the MATS Program had enrolled more than 1600 individuals, yielding an estimated annual Medicaid cost savings of at least \$10 million.

In 2008, we completed a re-procurement of our entire EI contract portfolio. The Department evaluated bidders on quality, ability to provide family-focused services, timeliness, and ability to provide culturally and linguistically diverse services in high-need neighborhoods. At the end of December 2008 there were 28,000 children actively receiving EI services. Referrals for children from neighborhoods with median incomes under \$25,000 increased by 46% from 2004-2008. The Department will continue to promote parent engagement in Early Intervention services and to improve access to services for children and families in these communities while being fiscally responsible and managing the costs of this program.

Important goals for us are reducing stigma and raising public awareness of mental health issues. In 2008, the Department launched the *NYC Teen: Mindspace* campaign which targeted adolescents visiting two social networking sites: MySpace and Facebook. The

campaign was designed to provide age-appropriate information about depression, peer pressure, managing stress, drug and alcohol abuse, and dating violence. The site also provides an opportunity to reach out for help directly by emailing or calling LifeNet.

NY/NY III implementation continues although we remain behind schedule in some categories. DOHMH is responsible for procuring and managing 3,850 of the 9,000 total NY/NYIII units (850 scatter-site and 3,000 congregate). The FY09 target for scatter-site units to be filled is 850, of which we've filled 724 or 85%. The target for congregate units to be filled by the end of FY09 is 475 of which we've filled 148 or 31%. We will continue working with our state and city partners to bring the remaining units online. Unfortunately, the time that elapses from the awarding of congregate beds to the filling of these beds can be lengthy, as sites must be identified and built. Additional challenges include finding a site and a contractor, implementing new referral and placement procedures for newly-served populations, the NYC real estate market, and neighborhood reluctance to accept congregate mental hygiene programs.

To address the increasingly recognized issue of individuals with developmental disabilities who also have an alcohol or drug use problem, in 2008 the Department was awarded a grant by the New York State Developmental Disabilities Planning Council (DDPC) to assist individuals with developmental disabilities access and participate in residential Addiction Treatment Centers.

We remain highly concerned about poor general health and reduced life expectancy among individuals with mental hygiene disorders, compared to the general population. In 2008, we reached hundreds of consumers through a variety of workshops focused on physical health and wellness. We also just completed a campaign in which public health detailers visited over 500 mental hygiene provider sites and provided them with tools to help their clients stop smoking.

I would like to thank Speaker Quinn, Chairpersons Koppell and Palma, and the entire City Council for their continued support of these efforts.

FY10-FY11 Outlook

State delays in cost-of-living increases for Early Intervention providers will reduce program spending and save nearly \$3 million in FY10. Over the next two years, DOHMH will also recognize savings from slower-than-anticipated start-up of new supportive housing sites: \$4.5 million in FY10 and \$2.5 million the following year. However, as stated in the published January Plan, the Office of Management and Budget has committed that "funding will be restored if new unit development accelerates to reach earlier projections."

To meet agency budget reduction targets, the Department maximized savings while maintaining core services by identifying funds available from non-recurring expenses or planned program closures, reducing contracts for program underutilization or poor performance, and leveraging alternative revenue sources. While not all of these strategies result in individuals losing services who are currently receiving them, they represent an

overall loss of funding and capacity in the system, which in better economic times could have been reprogrammed to meet enduring capacity limitations.

Eliminating non-recurring expenses provides \$1.0 million in savings for FY10. Planned program closures will result in savings of \$1.6 million. Reductions to underutilized or poorly performing programs will save \$2 million. Reducing funding to programs that can access alternative revenue sources, such as Medicaid, will save \$1.7 million. All affected programs were recently notified of these cuts and DOHMH staff will work with them to ensure continuity of care for clients and assist with other transition issues. A detailed list of affected programs for FY10 was provided to Council staff earlier this week.

The Department's budget includes funding of \$1.9 million in FY10 and \$3.1 million in FY11 to implement the recommendations of the New York State/New York City Mental Health-Criminal Justice Panel. Among these is an effort to improve the monitoring of care for high-need individuals and the high-intensity programs that serve them (such as Assertive Community Treatment and Intensive Case Management). This innovative program is scheduled to begin operation by June of this year.

Finally, let me address the status of City Council discretionary contracts for mental hygiene initiatives. DOHMH is committed to effectively administering these contracts by improving our administrative processes as well as the quality of the scopes and budgets for each contract. As of March 20, 2009, 27 contracts have either been registered, are pending registration with the Comptroller's office or are being reviewed by the Mayor's Office of Contracts; 22 contracts are pending vendor action either signature or submission of additional documentation, and 22 are pending completion by DOHMH. In addition, two programs have recently closed and are unable to receive funding. This funding is critically important and we take our stewardship of these funds seriously. Over the coming weeks, we will provide a detailed assessment of each Council initiative and look forward to working with you to identify funding opportunities for FY10.

Thank you for the opportunity to testify. We look forward to continuing our partnership with the City Council. Together we can identify cost-effective solutions that will improve public health and mental hygiene, strengthen quality of life, and stretch every dollar further. I'm happy to answer your questions.

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