



Testimony

of

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Before the

**New York City Council Committee on Health and
Committee on Finance**

On

FY 2012 Preliminary Budget

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Good morning Chairperson Arroyo, Chairperson Recchia and members of the Committees on Health and Finance. I am Dr. Tom Farley, Commissioner of the New York City Department of Health and Mental Hygiene. I am pleased to have this opportunity to testify on the Department's preliminary budget for Fiscal Year 2012. Today I will highlight some of our recent programmatic initiatives, discuss the impact of the City and State budgets, and describe two legislative priorities that I hope the Council will help us achieve in the coming months.

Recent Programmatic Initiatives

Although we are obviously in a very difficult fiscal climate, I want to start by talking about the progress we have continued to make despite several years of budget cuts. Our recent successes are a testament to the Council's support, the dedicated group of senior managers you see behind me, and most important, the hard work put in every day by our employees.

Smoking remains the leading cause of premature death in New York City and across the country. I want to thank the Council again for supporting a ban on smoking in the City's parks and beaches. As I said in my testimony on the bill, smoking rates in New York City are lower than ever, but they are leveling off and smoking is still expected to kill 7,200 New Yorkers this year. The new law, which takes effect on May 23, will reduce exposure to the harmful effects of secondhand smoke, prevent children playing in the parks from getting lessons in how to smoke, and greatly reduce the litter in our parks and on our beaches. We are working with the Parks Department to prepare for implementation, and will launch a public awareness campaign in May.

In addition, we continue to invest in strong anti-smoking campaigns. Our latest, aptly named "Suffering Every Minute," was launched on March 9. Anti-smoking campaigns have been essential to the unprecedented decline in smoking in New York City. Every \$1 million spent on anti-tobacco campaigns saves an estimated 1,500 lives. Calls to 311 for help quitting have increased from about 11,000 in Fiscal year 2005 – the year before we launched our anti-tobacco media campaign – to more than 41,000 in fiscal year 2010. In FY11, City budget cuts required us to reduce spending on media campaigns by 43%, from \$4.6 million to \$2.6 million. However, we will continue to produce public awareness campaigns because they help people quit and save lives.

The latest campaign coincides with our annual nicotine patch and gum giveaway, which has distributed nicotine patches and gum to more than 250,000 New York City smokers and has helped an estimated 82,000 New Yorkers quit since 2003. In 2010, some 40,000 smokers enrolled in the program.

As you know, reducing New Yorkers' sodium intake has also been a Department priority. High-salt diets increase blood pressure, a leading risk factor for heart attacks and stroke, which cause 23,000 deaths in New York City each year. Almost 80% of the salt we eat comes in pre-packaged food, compared with about 11% from our saltshakers. On March 17, we announced preliminary results from a study showing that 79% of New Yorkers exceed the recommended daily limit for sodium. We also announced that seven new corporate partners have joined our National Salt Reduction Campaign -- Bertucci's Italian Restaurant, Black Bear European Style Deli, Campbell Soup Company, Dietz & Watson, Ken's Foods, Snyder's-Lance, Inc., and Target Corporation. These companies have voluntarily agreed to reduce sodium levels in several of their products by 25%.

Now a total of 28 companies have agreed to help us reach a national goal of reducing Americans' salt intake by 20% over five years.

Obesity and the illnesses associated with it remain another top priority of the Department. We have several initiatives aimed at making healthy food more available in neighborhoods where fresh fruit and vegetables are harder to find, including Healthy Bodegas, Health Bucks, and Green Carts. We continue to take steps to reduce the consumption of sugar-sweetened beverages, which are a leading contributor to the obesity epidemic in New York City. Our latest education campaign, funded by Federal grants, can be seen on television, subways and buses.

Let me give you a brief update on our successful restaurant grading program. Last summer, we began requiring restaurants to publicly post letter grades from inspections. To date, the Department has inspected about 15,000 restaurants, of which 56% have received an "A", 33% have received a "B" and 11% have received a "C". Records from the first six months suggest that the system is motivating restaurants to improve their food safety practices. Among those scoring in the B range on initial inspections, 44% improved enough to earn an A grade on second inspection. Of restaurants that scored in the C range on their first inspection, 72% improved enough to earn an A or B on the second visit.

To help prepare restaurant operators for an inspection, the Department created a self-inspection worksheet so owners can anticipate what inspectors are looking for. The Department continues to offer restaurant grading workshops in multiple languages, as we did last summer before the launch. And as an added incentive to have a clean kitchen, in January the Mayor announced that the City will not issue fines for sanitary violations to restaurants that receive an A grade at the time of either their initial or re-inspection.

Now I'll turn to a subject that should be as far removed as possible from restaurants – namely, rodents. As I mentioned last spring, the Department has taken a proactive new approach to identifying and abating rat infestations by inspecting properties within neighborhoods simultaneously and returning to re-inspect every 8 to 12 months. By systematically covering whole neighborhoods, we are able to identify and abate rat infestations more successfully than we could when we only responded to complaints about individual properties. Our new approach has allowed us to become better at discovering rat problems, better at notifying landlords about infestations, better at getting properties near each other to treat rat problems simultaneously, better at responding where owners don't, and better at tracking rat problems across communities.

Last December, we completed our fourth round of inspections in the Bronx. Between October 2009 and December 2010, the Department completed 35,000 inspections, in which just less than 6% showed evidence of rats. This represented a 34% reduction from 2008.

Also in December 2010, the Department completed the first round of inspections in Manhattan. We are confident that we will successfully reduce rat infestations in Manhattan and the other boroughs, just as have done in the Bronx.

FY12 Budget

Let me turn to the Department's FY12 budget. As you know, we continue to face serious budget shortfalls at the City and State levels. In November 2010, the Mayor's Office of Management and Budget directed most City agencies to reduce their budgets by

5.4% for fiscal year 2011 and 8% for fiscal year 2012 and beyond. These cuts are separate and apart from the additional 4% cut most agencies were recently directed to prepare, in anticipation of potential short falls in State aid to New York City.

As we have done in prior years, we have first attempted to maximize revenue from other sources before making cuts. For example, we project that we will realize increased reimbursement from Medicaid administrative funds for school-based services of \$15 million per year. We have also identified additional, more modest revenue opportunities of \$6.4 million for the current year and \$8.2 million for the next fiscal year and beyond.

Despite these efforts, we have had to make significant reductions within a limited number of programs. Although the Department has a budget of \$1.6 billion, a large proportion of that money – about \$729 million of gross funds – is concentrated in programs over which we have little or no discretion because they are mandates or entitlements that we must uphold. For example, the Early Intervention program, which provides services for children from birth to age 3 who have developmental delays, accounts for more than \$500 million of our budget. School Health and Correctional Health Services account for large portions of our budget as well. These are very worthy programs, but because their expenses are not discretionary, budget cuts are concentrated in the remaining programs where we have greater flexibility to make reductions.

Let me describe some of the cuts we had to make last November, which totaled \$20.5 million for FY11 and \$30.5 million for FY12.

Last week the Department announced that the number of cases of tuberculosis fell by 6% in 2010, to 711 cases. Since the early 1990's, TB cases have declined by 81%. With that as a backdrop, we are in the process of closing two tuberculosis clinics, one in Chelsea and the other in Bedford-Stuyvesant. These two clinics were selected for closure based on relatively low caseloads, and patients will be directed to clinics in Washington Heights and Ft. Greene for ongoing treatment, where we will assign additional staff. These closures will save \$247,000 in City tax levy funding in FY11 and \$993,000 in City tax levy funding in FY12.

Two of the 13 City-funded school-based health centers will also lose funding, one in Thurgood Marshall High School in West Harlem and the other at the Wingate High School campus in Brooklyn, for a savings of \$182,000 in FY12. The center at Thurgood Marshall has a relatively small number of high school students. The facility at Wingate has had the lowest level of participation of our large sites. In each case, there are major health facilities nearby. These schools will continue to offer nursing services if they have any children with special needs.

The Department will reduce funding for our public health laboratory by \$258,000 in FY11 and \$794,000 in FY12. The bulk of the savings will come by conducting fewer tests of heavy metals and organic compounds in water. After carefully reviewing the historical data, we determined that we could reduce testing for these substances and continue to ensure that our water is safe and meet our regulatory obligations. We are streamlining the 2011 sanitarian field program without contracting any testing services out to vendors.

The Department will reduce intra-city funding to the New York City Health and Hospitals Corporation. This cut of \$222,000 in FY11 and \$423,000 in FY12 is proportional to our overall budget reduction target, and will affect outpatient medications,

HIV assessment services at HHC clinics, and services at the Bellevue AIDS Satellite Clinic.

Unfortunately, last week we had to make the most painful kind of reduction, laying off 56 employees across several programs as part of the Department's November budget cuts. I want you to know that we took several steps over the last several months to reduce the number of layoffs and provide assistance to employees who were losing their jobs. For example, we implemented priority placement of employees into available vacant positions; brought in Workforce One to provide computer training and workshops in resume writing and interviewing; and worked with Fedcap to assist with job placement and vocational counseling. We eliminated a total of 134 positions, including 114 full-time positions. All told, the savings we will achieve from the 56 layoffs represent just 10% of the total savings achieved through the November budget cuts.

We were careful to choose staff reductions that will have the smallest impact on services. For example, in the Lead Poisoning Intervention program, we have reduced staff, which will result in fewer follow up services for children with lead poisoning. In 2009, there were 1,634 children with newly identified lead poisoning, a 12% decline from 2008.

State Budget

As you know, last night the Governor announced a State budget agreement. The full impact on public health remains unclear, and we will monitor a few issues very closely between now and an expected vote later this week.

For example, more than \$52 million of the \$58 million in funding for New York State's Tobacco Control Program is at risk. The State's Tobacco Control Program funds several crucial initiatives that have helped save the lives of an estimated 9,100 New Yorkers in 2010 and reduced New York City's smoking rate to its lowest in history. These include the Smokers' Quitline, which last year took more than 81,000 calls from City residents; and counseling and advocacy through the Coalition for a Smoke Free City.

Funding for services categorized as "optional" under the Article 6 program, which is a matching program for public health services, is also at risk. This program funds about \$3.7 million to support the administration of the Early Intervention program. Since Early Intervention itself is not an optional service, we have strongly opposed this cut to eliminate eligibility for administration of the program. We have also asked that Article 6 funding for the Office of the Chief Medical Examiner be preserved. That office faced the loss of as much as \$16 million, or 25% of the medical examiner's entire budget. Such a staggering reduction would have a significant impact on that office's ability to investigate deaths and provide autopsies in a timely manner.

The successful and popular Nurse Family Partnership program for low-income, first-time mothers is also at risk of losing as much as \$4 million, which could jeopardize millions more in Federal funding. A cut of this magnitude would endanger the program and reduce effective preventive services for low-income mothers and their newborns.

Legislative Priorities

Before I take your questions, I want to ask the Council to support two of our legislative priorities in Albany.

Our top priority in Albany is a proposal that would require private insurance plans to pay their fair share of Early Intervention costs, saving the City and the State tens of millions annually. The proposal would close loopholes in State law that have permitted insurers to unfairly shift the cost of Early Intervention services to taxpayers since 1993, when the Early Intervention program was created. Insurance companies covered the costs of these services before the Early Intervention program began. Now that children are served through this program, which has a rigorous screening process, insurers should cover the costs of these services again. I hope that the members of these committees will support our effort to protect Early Intervention services in the long-term for the children and families who need it.

We are also pursuing legislation, sponsored by Assembly Member Paulin and Senator Fuschillo, which would permanently allow pharmacists to provide influenza and pneumococcal vaccinations by eliminating the 2012 sunset on the existing law that permits this. Forty-six other states have already adopted this practice. It would also expand the kinds of immunizations that pharmacists could give. As a safe and cost-effective way to prevent illness and save lives, vaccinations must be available as widely as possible. Pharmacies offer a natural entry point for targeting those who are at high-risk for influenza and its complications. People at elevated risk – for example, those with chronic conditions such as diabetes – regularly see their pharmacist to refill their prescriptions, providing an opportunity for vaccination. Last year, some 200,000 vaccinations were administered in pharmacies.

Thank you your continuing support of the important work we do. Despite fewer resources, we are striving to find creative ways to tackle some of our most difficult challenges. I look forward to continuing to work with you to make New York City a healthier place. I will be glad to answer your questions.