



Testimony

of

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New York City Department of Health and Mental Hygiene

before the

New York City Council Committee on Health

on

FY 2012 Preliminary Budget

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Good morning Chairperson Arroyo and members of the Committees. 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 2013.

Programmatic Highlights

I want to begin by describing the progress we have continued to make despite this difficult fiscal climate.

At the end of last year, the Mayor announced that New Yorkers are living longer, healthier lives than ever before. Life expectancy at birth in New York City reached 80.6 years in 2009, the highest level recorded and one that surpasses the national life expectancy by 2.4 years. Life expectancy at birth in the City has increased nearly three years since 2000. I am confident that the City's health interventions - including smoking prevention programs and expanded HIV testing and treatment - have contributed to this success, with improved outcomes in HIV infection, heart disease and cancer prevention playing the largest roles in the increase in life expectancy.

Smoking is the leading cause of preventable, premature death in New York City, and I was thrilled to join the Mayor, the Speaker, and Council Member Brewer this past September in announcing that New York City's adult smoking rate has reached an all-time low. Only 14 out of 100 adult New Yorkers still smoke. This marks a decrease in the number of New Yorkers who smoke by 35 percent since 2002. This decrease translates to approximately 450,000 fewer adult smokers in New York City, with some of the steepest declines seen among Staten Islanders and teens in all boroughs. The decrease will prevent 50,000 premature deaths by the year 2052.

Following years of pioneering policies to improve child nutrition and encourage exercise, obesity rates among New York City public elementary and middle school students have decreased over the past five school years across all race and ethnic groups. This marks the biggest decline in childhood obesity reported to date by any large city in the country and stands in sharp contrast to the stagnant nationwide rates. The overall obesity rates among New York City kindergartners through eighth graders decreased 5.5 percent with the sharpest decline seen among children ages five to six years old. The declining rates were measured through NYC FITNESSGRAM, a fitness assessment and reporting program for New York City youth in kindergarten through twelfth grade. Obesity rates are still far too high, though. Since announcing this news in December, Mayor Bloomberg issued new City standards to ensure that food vending machines at city buildings are stocked with healthier options. The City also announced the creation of a multi-agency task force charged with recommending innovative solutions for further progress in combating obesity. I want to thank the Council for your ongoing partnership on this front, especially Speaker Quinn and Council Health Chair Arroyo.

FY13 Budget

Let me turn to the Department's budget. As you know, we continue to face serious budget shortfalls at the City and State levels. In November 2011, the Mayor's

Office of Management and Budget directed most City agencies to reduce their budgets by two percent for fiscal year 2012 and six percent for fiscal year 2013 and beyond. This is our tenth PEG in the last four fiscal years.

As we have done in prior years, we first attempted to maximize revenue from other sources before making cuts. I am pleased to report that we have found substantial savings by further improving our administration of the Early Intervention program. By refining our oversight of this very large program, we have been able to avoid additional cuts to our Mental Hygiene programs. The Early Intervention Program achieved an additional \$3 million in savings in FY12 and \$5.3 million in FY13 by strengthening eligibility determinations and service level authorizations to provide more appropriate levels of service for eligible children, in accordance with State approved regulations, memoranda and guidelines. In addition, the Division of Mental Hygiene will realize more Medicaid Salary Sharing revenue as a result of increased staff time spent on Medicaid-funded activities.

We continue to search for savings through efficiencies wherever possible. For example, we will save \$354,000 in FY13 by eliminating the lease for a vehicle garage in Woodside. As part of the Citywide Share Services Initiative, the Department's fleet maintenance unit will be consolidated with other City agencies. We will also share parking space for 35 agency vehicles with the Department of Sanitation as part of this effort. On the personnel side, we will maximize the use of permanent clinical staff and reduce the number of seasonal contractual nurses in our immunization clinics and we have reorganized other programs such as our chronic disease programs to make our work more efficient and require fewer staff.

Still, we have had to make significant cuts to some of our programs. As I have noted in past years, spending on mandates and entitlements accounts for a substantial portion of our budget. Mandatory spending on programs like Early Intervention, School Health, and Correctional Health Services accounts for about 45% of our budget.

Let me describe some of the cuts we had to make last November, which totaled \$7.5 million CTL for FY12 and \$19.5 million for FY13 and the out years.

We are reducing some HIV prevention contracts by \$1.4 million. These cuts will be taken as part of our shift in focus to community-level, rather than individual-level, services. Direct, individual-level services to persons who have not been infected have a high cost per person reached. This shift in focus is in line with CDC recommendations, as part of the National HIV/AIDS Strategy, to emphasize high impact interventions, such as testing; prevention with positives; and condom distribution. I know that the Council has been concerned about these cuts. We have met with Council staff and many advocates and providers to discuss funding for HIV prevention, and look forward to continuing our dialogue with the community.

We will reduce our clinic and outreach services by \$890,000. First, we will scale back sexually-transmitted diseases (STD) services on Saturdays at our lowest-volume

weekend site in Central Harlem. We will alternate the availability of services among our remaining four sites. This arrangement will allow us to maintain a reasonable level of service in the communities that use our clinic services, while working within our funding constraints.

We will also discontinue an STD testing and treatment program in high schools. Some of the high schools are served by school-based health centers, which offer chlamydia and gonorrhea testing and treatment, so those students will continue to have access to services there.

We are reducing our tobacco control program by \$2 million, and will scale back our Nicotine Patch and Gum program, which distributes nicotine replacement treatment kits to 311 callers who want medication to help them quit. We are exploring a collaboration with the New York State Department of Health's New York Smokers' Quitline, which may be able to help us maintain our current level of service.

Through vacancy reduction and attrition, we eliminated a total of 64 positions. As a guiding principle, we looked for positions that had the least impact on direct services. Despite these efforts, we unfortunately must lay off 11 employees across several programs as part of the Department's November budget cuts. Over the past several months, we have made a determined effort to reduce the number of layoffs. The current number of layoffs is significantly lower than what was announced in November. We have prioritized placement of employees into available vacant positions. In November, we had proposed eight layoffs that would have affected the East Harlem Asthma Center of Excellence, as well as two immunization staff. Thanks to the Council's quick support, those layoffs have been delayed for the remainder of this fiscal year.

As always, we provide assistance to employees who are losing their positions, including career counseling, resume writing, and computer training upon request. In addition, the Employee Assistance Program will host a seminar for affected employees regarding unemployment, pension, and COBRA services.

State Budget

As the state budget continues to make its way through the legislative process, we are closely monitoring and actively advocating for several provisions. The Governor has proposed reforms to the Early Intervention program. The City and State share the expenses of this program, but currently the City is required to pay its portion up front and then bill Medicaid or private insurers for reimbursement. The Governor's plan would change the process so that a fiscal entity designated by the State would contract with and pay providers for all services, then bill insurers and the City for their respective portions of costs. This would significantly reduce the administrative and financial burden on municipalities – something we endorse. We are working with the Governor and the legislature to ensure that we will still have the authority to monitor the program at the local level and maintain sufficient provider capacity in New York City.

The Health Department has been a strong advocate of the Nurse-Family Partnership (NFP), a rigorously tested, evidenced-based program for low-income, first-time pregnant women and their children. Each mother is paired with a registered nurse early in her pregnancy and receives home visits throughout the prenatal period until the child's second birthday. This program currently serves almost 2,000 families in New York City. Given the improved health and social outcomes to women and their families enrolled in the program, the state Medicaid Redesign Team has recommended Medicaid reimbursement for NFP services. Without Medicaid funding, we will not be able to continue operating at current levels, so the city is advocating for a \$5 million line item in the state budget that would guarantee stable funding until federal Medicaid reimbursement is secured. The Senate budget proposal includes \$4 million for NFP, and the Assembly budget includes \$2 million. We hope the final budget agreement will include the full amount New York State needs to keep this program running.

We are also very pleased to see the Governor's proposal to close the tax loophole on loose tobacco. Currently, loose tobacco is taxed at a different rate than tobacco in cigarettes. This inconsistent treatment of tobacco taxation has allowed certain retailers to provide loose tobacco, paper, and machines for customers to roll their own cigarettes at a much lower cost than manufactured cigarettes. This proposal would increase the tax rate on loose tobacco from 75 percent of the wholesale price to \$4.53 per ounce — the same as the per ounce rate on cigarettes. I urge the Governor and the legislature to use the estimated \$18 million in revenue from this proposal on tobacco control programs.

I ask for the Council's support in advocating for these important public health proposals in the state budget.

Thank you for the opportunity to testify. I would be glad to answer any questions.