



Testimony

of

**Thomas R. Frieden, M.D., M.P.H.
Commissioner**

and

**David Rosin, M.D.
Executive Deputy Commissioner
New York City Department of Health and Mental Hygiene**

before the

New York City Council

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

regarding the

FY2009 Executive Budget

May 27, 2008

City Hall
New York City

Good afternoon, Chairpersons Weprin, Koppell, Palma and members of the Committees on Finance, Mental Health, Mental Retardation, Alcoholism, Substance Abuse and Disability Services and the Subcommittee on Drug Abuse. I am Tom Frieden, New York City Health Commissioner. With me is Dr. David Rosin, Executive Deputy Commissioner for Mental Hygiene.

Budget Outlook

Let me begin by saying a few words about the current budget. Fiscal pressures at city, state and federal levels will have an impact on the Department of Health and Mental Hygiene (DOHMH). The city is facing its worst budget year since 2002, and the economic forecast is unlikely to improve anytime soon. All city agencies were asked to identify 3% of savings as part of the Executive Budget, in addition to the 5% savings target included in the January Plan. Our headcount also was reduced by 200 lines. Although this will not require layoffs, it will affect our ability to provide services.

In addition, the 2008-09 enacted State budget included a two percent across the board reduction in aid, including state funding for Early Intervention (EI) services. The city has been forced to cover this funding gap in order to minimize the impact on key mental hygiene initiatives. Unfortunately, the fiscal outlook for New York State remains bleak, and further cost shifting from the state may add to the pressures we face at the local level. At this time we have not received any guidance from the State as to how reductions in funding will affect New York City.

While in prior years DOHMH has avoided reductions in services and headcount, the severity of the current budget situation has made service cuts unavoidable. Contracts with community based providers for mental hygiene services will be reduced by nearly \$1.8 million in FY09. We have not yet been made decisions regarding the implementation of these cuts.

DOHMH will continue to maximize Medicaid and collection of insurance from third party sources for EI services. Obtaining insurance information and payment from providers is challenging, however we expect to realize an estimated \$6M in savings in FY09.

Before I turn the testimony over to Dr. Rosin, I'd like to briefly discuss the City Council initiatives administered by the Department. This portfolio of more than 130 contracts totaling nearly \$18M is used to support groups working on a wide range of mental hygiene issues. We appreciate the Council's continued support for mental hygiene and take our role as steward of these dollars very seriously. We work closely with Council staff to provide feedback on individual designations and are available to help the Council determine the best use of these limited funds. Unfortunately, not all of the designations are having their desired impact. In fact, some of this funding was put into the budget nearly five years ago to restore state budget cuts and may no longer reflect the city's mental hygiene needs. As you consider your funding priorities for FY09, I urge you to take a fresh look at each designation and question whether that funding is achieving its goals or whether the money could be put to better use. We stand ready to assist you in shaping a budget that prioritizes mental hygiene and puts a premium on the efficient use of limited resources.

Dr. Rosin will now discuss some other important initiatives that his Division is implementing this year.

###

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

Recent Accomplishments and the Year Ahead

The 2008-09 state budget included a retroactive cost-of-living adjustment (COLA) for EI providers. The COLA is being applied to FY09 and the out-years at a cumulative rate of approximately 8%. However, as drafted in the State budget bills, the COLA will not apply to services for Medicaid-eligible children. If implemented in this manner, there will be an inherent bias for EI providers to increase service to non-Medicaid eligible children, at the expense of children from lower-income families. DOHMH has worked hard to ensure the right children get the right services, regardless of family income level or Medicaid eligibility, and such a policy jeopardizes the gains we've made. We are working with the state health department and other local health departments statewide in hopes of finding a more equitable solution.

The adopted state budget also took steps to realign the reimbursement system for inpatient detoxification and withdrawal services. This has both a positive and negative side. The Department has long supported reducing the overutilization of hospital-based detoxification services by increasing incentives for providers to use less restrictive and less expensive alternatives. Under this new system, lower reimbursement rates for inpatient detoxification will be phased in over 5 years. This will result in more appropriate care for patients, as well as significant savings for the State. Unfortunately, the State failed to simultaneously address the need to increase less intensive, community based detoxification alternatives. DOHMH is working with Assembly Member Felix Ortiz and Senator Martin Golden on legislation to create a Community Chemical Dependence Services Expansion Program. This initiative would reinvest a portion of the savings from reduced inpatient stays to bring evidence-based treatment into the community-based sector and improve outcomes for people living with addiction. We urge the Council to join us in supporting this legislation.

In April, DOHMH launched the NYC 9/11 Benefit Program, a benefit program for people suffering from mental health or substance abuse issues as a result of the events of September 11th. This benefit program will be retroactive to January 2, 2007, and cover out-of-pocket costs for outpatient mental health and substance-use services, as well as medication, laboratory work and psychological evaluations. We expanded eligibility to include any New York City resident suffering from 9/11-related psychological distress, as verified by a licensed provider. Outreach and enrollment will be managed by the Mental Health Association of New York City, a not-for-profit organization. New York City residents and city workers in surrounding areas can find out if they are eligible by calling 311 or visiting nyc.gov.

The Department's buprenorphine initiative helps New Yorkers with opiate addiction get office-based opioid heroin-dependence medication treatment. The buprenorphine initiative will help thousands of New Yorkers help recover from their addiction, and we appreciate the Council's continued interest in this issue.

In response to recent tragic incidents involving individuals with mental illness, the Mayor and the Governor convened key members of their respective administrations to review these cases, gather expert perspectives on mental illness and criminal justice, identify lessons learned, and make recommendations to improve outcomes. The panel is expected to complete its initial work shortly. Public review of the findings and recommendations will be an important step in the process.

Finally, I want to provide you with an update on the NY/NY III supportive housing initiative. FY09 expenditures are projected to be lower than expected, as fewer units than originally planned will come on line by the end of 2009. It has taken longer for supportive housing units to be fully operational, and congregate units take years to develop. The Division is working to resolve these issues by conducting targeted outreach and trainings on eligibility criteria and the housing applications process, and scheduling regular meetings with other city agencies to make sure these processes are working optimally. Currently there are 202 units filled, of which 177 are scattered site and 25 congregate site.

Thank you for your collaboration and partnership, and I look forward to continuing our work together in the coming year. We would be happy to answer your questions.

###