



Testimony

of

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and

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**New York City Department of Health and Mental Hygiene**

before the

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

and

**Subcommittee on Drug Abuse**

regarding

**FY11 Preliminary Budget**

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

The Department of Health and Mental Hygiene is responsible for protecting and promoting the physical and mental health of all New Yorkers. Mental illness, alcohol and drug use, and developmental delays and disabilities exact a heavy toll on our City's residents, as well as on their families and other caregivers. The services we support and the initiatives we promote are all designed to prevent or reduce the burden of these conditions and assist affected New Yorkers in living to their fullest potential.

Our Division of Mental Hygiene has the primary responsibility for the Department's efforts toward these goals. We work in collaboration with our State partners in the Office of Mental Health, Office of Alcoholism and Substance Abuse Services, Office of Mental Retardation and Development Disabilities, and the Department of Health, as well as with our sister City agencies. We support approximately 1,100 community-based programs providing medical treatment, rehabilitation, housing, case management, family support, and other services. We also directly administer the Early Intervention Program for children with developmental delay, which is carried out by a network of 122 community-based providers who conduct evaluations, coordinate services, and provide services as speech therapy, special instruction, and physical and occupational therapy. All these services are funded through Medicaid, state aid - including Federal pass-throughs - and City tax levy, which in many cases is required as matching funds in order to receive State reimbursement.

As you are aware, there are very serious budget shortfalls at the City and State level. In October of last year, the Mayor's Office of Management and Budget directed all non-uniform City agencies, except the Department of Education, to reduce their budgets by 4% for FY 2010 and 8% for FY 2011 and beyond in order to close the large deficit facing the City. This is the largest single reduction we have had to make in recent years. It comes on the heels of cumulative mandatory reduction targets totaling nearly 17%, which have left us fewer options going forward. At this point, there are no easy budget cuts. Meeting our targets requires very difficult decisions, and cuts have been taken in every division and nearly every program in the agency. These cuts will, unfortunately, be reflected in reductions to many services that we support within our Mental Hygiene division.

Nonetheless, in his State of the City address this year, Mayor Bloomberg made a commitment to continue demanding and achieving progress in every area, even in the face of this financial crisis. Despite the painful budget choices we will have to make, the Health Department will continue doing everything we can to promote and protect the health of New Yorkers.

We have responded to this budget challenge by prioritizing programs that are particularly effective, that address the most pressing needs of affected individuals, and that provide the greatest benefit for the most people. Where budget cuts must be taken, we have

proposed to achieve savings by using funds from programs that have closed; trying to identify alternate sources of funding – such as Medicaid - to replace City dollars without reducing program budgets; and reducing funds for programs that are under-used or under-performing.

### **DOHMH Highlights and Priorities**

Before talking about the implications of our budget, I would first like to a review a few programs that are changing or that we consider particularly noteworthy.

We continue to work to reduce the burden of health problems related to substance use. Specifically, we are working to increase the availability of treatment for opioid dependence, and to expand overdose prevention education and access to naloxone, an opioid antidote that can reverse overdose. The number of people using 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. We appreciate the Council's continued support of these programs throughout the City. We are encouraged by our recent analysis of vital statistics data, which revealed that overdose deaths in New York City declined by 27% between 2006 and 2008, from 874 to 666. Yet overdose remains a leading killer in our City, affirming the need to continue these efforts.

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. Over 7,200 screenings have been conducted in clinical settings since 2009. Of those that screened positive, over half received a brief intervention, and the remainder received a referral.

Mental illness is a common problem that touches the work of many City agencies. As you know, in 2008, the City and State convened a joint panel on mental health and criminal justice issues in response to a small number of violent incidents involving people with serious mental illnesses. This panel issued a report with several recommendations, one of which was the development of Care Monitoring Teams. We are pleased to report that the first Care Monitoring Team became operational in Brooklyn in the fall of 2009. These teams are designed and jointly overseen by DOHMH and the State Office of Mental Health (OMH) to reduce gaps in care, improve coordination and accountability across service providers and identify individuals at risk of falling through the cracks of the mental health system. Once these individuals are identified, the Care Monitoring Teams work with providers to confirm that they are increasing their outreach and linking individuals to services to prevent negative effects like hospitalizations, arrests, and homelessness. As this program unfolds, we are evaluating the impact and the appropriateness and feasibility of scaling it citywide.

Our Early Intervention program for developmentally-delayed children continues to grow, with more than 37,000 children served in FY09. The Department has received federal stimulus funds to upgrade the program's information system, which will make program

administration more efficient. We continue to emphasize strong family involvement in the services provided to children and identifying the most effective and appropriate services for children with particular developmental delays.

Dr. Karpati will now discuss in more detail the Department's efforts in Mental Hygiene and our proposed changes in response to the budget shortfalls.

### **FY10-FY11 Outlook**

Thank you Chairpersons Koppell, Cabrera, and members of the Committee. As Commissioner Farley noted, we are dealing with substantial budget shortfalls, and we are addressing those using the approaches he outlined. Total savings identified for this year's January Plan in mental hygiene are \$7.2 million; approximately one third of these begin in FY10 and the remainder will take effect in FY11. Several programs that have closed in the past year where we will not reallocate the funds will yield \$1.87 million in savings. While this still represents a loss of funding to the system, since those dollars would have otherwise been reprogrammed, it prevents us from having to close existing programs and displacing the individuals being served. Reducing funding to underperforming and underutilized programs will save \$277,000, and reducing funding to programs that can access alternative revenue sources, such as Medicaid, will save \$1.8 million. The remaining cuts are the most difficult – where the choices focused on prioritization, not performance or alternate revenues. Finally, the Department is applying a 4% reduction to City Council discretionary contracts, which are for the current year only. DOHMH staff will work with all affected providers to ensure continuity of care for clients and assist with other transition issues.

We are pleased that both the proposed City and State budgets maintain funding for supportive housing under the NY/NY III agreement. Through this program, we have successfully expanded supportive housing to several new populations at risk of homelessness, including families, youth exiting foster care, and people whose primary illness is substance abuse. The rates of retention in stable housing among these new populations are very encouraging – for example, housing stability for the population with substance abuse problems is over 80% at 18 months after placement. NY/NY III implementation continues. Of the total 9,000 units pledged in the agreement to be completed by the end of FY16, DOHMH is responsible for procuring and overseeing the services at 3,850, of which 3,000 are congregate and 850 scattered-site. Contracts for all the scattered site units have been awarded and are operational as of January 31 with 97% occupied. For congregate settings, we've awarded 1,904 units, and 226 are filled. It often takes years from the awarding of congregate beds to the filling of these beds as sites must be identified, community support obtained, and buildings built. These units will be brought online over the next six years. Challenges include finding sites and contractors, the New York City real estate market, and neighborhood reluctance to accept congregate mental hygiene programs.

### **State Budget Overview**

I would also like to discuss some state budget actions affecting DOHMH. The Governor's budget includes several proposals affecting the Early Intervention (EI) program. As you know, this program represents a significant proportion of the Department's budget. With a current budget of nearly \$440 million, EI services represent the biggest mandated expense in the agency, and the program's costs continue to climb. We strongly support a provision that would require private insurers to pay their fair share by ensuring coverage of medically necessary EI services. The executive budget also proposes a parent cost-sharing component that would apply to families whose income is 250% of the federal poverty line or more. While we support the principle of parent fees in general, we have concerns about implementing this, and plan to work with the State to ensure that this does not create barriers for the families most in need. Unfortunately, the budget also continues a 2% cut in state reimbursement, shifting more than \$2 million a year in state costs to New York City. 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.

Unfortunately, the Governor's Deficit Reduction Plan also cuts local assistance for MRDD services by 10%, which translates to a \$1.25 million cut to State aid to DOHMH in FY11. The MRDD system sustained more than \$5 million in state aid reductions last year alone, and this cut will result in a loss of capacity in both clinical and non-clinical services for individuals with developmental disabilities.

Thank you for the opportunity to testify. We look forward to continuing and building our partnership with the City Council. Together we can identify cost-effective solutions that will improve public health and mental hygiene while using every dollar to its fullest. Dr. Farley and I are happy to answer your questions.