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Testimony of Phillip A. Saperia

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at the Joint Legislative Hearing on the
2001 Executive Budget

of the Assembly Ways and Means and
Senate Finance Committees.

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Thank you to Chairpersons Farrell, Stafford, Luster, Libous, Weisenberg and McGee for holding this hearing today on a crucial set of budget issues.

My name is Phillip Saperia, Executive Director of the Coalition of Voluntary Mental Health Agencies. I speak today for myself, for Dr. Alan Siskind, President of The Coalition and on behalf of the 120 member agencies of The Coalition. I am here today primarily to offer the strongest possible support and to express our enthusiasm for the Governor's Community Mental Health Support and Workforce Reinvestment Act. This proposal puts the mental health sector at the best starting point in the budget process of my seven years with The Coalition. As you know, we have not been reluctant to criticize the Governor and our elected representatives when we thought that criticism was warranted. Yet today, on our own and as a member of the Mental Health Action Network, we urge you, our legislators, to support the Governor's bill. It posits critically needed relief for community mental health agencies. We strongly endorse the concept of reinvesting savings derived from the downsizing of State facilities into bolstering the local community system, where most New Yorkers with psychiatric disabilities live. I will reserve comments about the implementation of this concept to another time when we have fully analyzed every detail of the program bill.

The Coalition is New York City's umbrella group of community based mental health agencies which together serve more than 250,000 New Yorkers in need of behavioral health services along the entire continuum of care. Our agencies are big and small and every size in between. They offer residential, outpatient treatment, rehabilitative, outreach, care coordination and crisis management. They serve every religious, racial, ethnic and linguistic group in every neighborhood of our very diverse city.

It is our considered opinion that the Governor's proposal is historic, properly targeted and very necessary for a sector that has been struggling mightily to maintain the quality of services that its consumers demand and deserve.

The Community Mental Health Support and Workforce Reinvestment Act is historic in that it continues the work of the 1993 Community Mental Health Resources Act which, in the wake of widespread de-institutionalization, moved resources from State inpatient hospital downsizing and closings to the local community where people with psychiatric disabilities were living and seeking services that would help them live independent and meaningful lives. Reinvestment, as it was known, moved more than \$175 million to counties in order to develop new community-based services for adults and children. That was a potent commitment that has paid dividends in lower per person costs for services and in the return to the community of newly empowered and productive consumers and families.

The Governor's plan builds on New York State's commitment to strengthen the community-based care delivery system. It will fund a Medicaid fee increase of 10% for critical outpatient treatment services and a three year cost of living adjustment of 2.5% for community based providers by continuing the downsizing of unneeded adult

inpatient beds, the closure of two adult psychiatric centers, the relocation of another and the reorganization and relocation of four children's psychiatric centers. With respect to the children's centers moves, it is our expectation that all efforts will be expended to protect the children, that those programs will remain developmentally and clinically appropriate and that they will continue to be child centered and family-focused. In addition, the Governor proposes to develop 104 badly needed State-operated transitional residence beds for adults and 40 new children's crisis residence beds as well as the transition to counties of shared staffing dollars. The growth in adult and children's beds—as the other enhancements of the system--will be paid for by these closings and reorganizations.

Furthermore, accompanying the Community Mental Health Support and Workforce Reinvestment Act, The Governor is proposing funding for the opening of more than 2,700 new State and locally-operated housing units in the upcoming fiscal year and provides a much needed increase in supported housing stipends for approximately 5,100 leased Supported Housing Units, additional direct care staff for Children's Community Residences and additional staff for Family-based Treatment as well as increases in the Family-based Treatment stipend.

Equally historic and important, is the new funding for more than 400 supported employment slots as well as the additional \$6.6 million in new annualized State Aid under the existing and soon to expire Reinvestment Act. These funds will expand vital community services to strengthen recovery and rehabilitation for people living with mental illnesses.

The Governor's plan is in the tradition of reinvestment in that it would downsize the State inpatient psychiatric hospitals and move those funds to the local communities where services are provided both efficiently and effectively. The downsizing and reorganization of the State hospitals would take place without risk of jeopardizing the crisis safety net that these beds provide. Adults and children who require hospitalization would continue to be served by an appropriate number of beds in reorganized facilities able to meet their emergent needs.

It is important to emphasize that the Community Mental Health Support and Workforce Reinvestment Act would not take money away from communities as many critics have suggested. Rather, the Governor proposes to move those funds into community-based services in communities around the State. It is a targeted shifting of funds from under-used and expensive inpatient settings into cost-efficient, effective and individually empowering community-based settings. We support the intention of this move to use attrition and transfers as a way of absorbing the closings, rather than depriving people of their jobs.

Moreover, the Governor's proposal addresses a crisis in community care and meets a demonstrable need by the mental health sector for an infusion of funds to address the crumbling infrastructure which has been unable to keep up with the growing costs and

the demands of inflation over the last several years.

Service costs in community-based settings consistently exceed reimbursements. For many years, providers have been able to construct a patch-work system of robbing Peter to pay Paul, in order to meet the needs of consumers. It has required creative financing of the highest order and as costs, both personnel and other-than-personnel related, have increased exponentially across-the-board, it is no longer possible to move non-existent surpluses into deficit producing care delivery.

Community-based providers face a crisis in staff turnover that ranges from 37-54%--of staff who have been at agencies for more than one year, the turnover exceeds 30%. These are unacceptable turnover rates, especially among experienced staff in mental health care which depends for its efficacy on consistent, continuous and dependable caring professional relationships. High turnover rates upset the continuity of those relationships and degrade the quality of care that consumers require. For a long time, community based providers have been paying salaries that were considerably lower than salaries paid for comparable positions in State institutions and in other sectors. The rising economy of the last six years has created many well paying alternatives to direct care positions and inflation has made working in the community mental health sector an unacceptable sacrifice for those workers. We believe that the proposed cost-of-living increase will help to stem the hemorrhaging of employees to other industries and send a message to those workers that their service is valued. Equally important, the COLA proposed for each of the next three years, will allow providers to plan and implement programmatic changes based on the predictability of known dollar increases. It will help make them competitive in the workforce market place. We hope that a plan will be developed in the next three years that will institutionalize trended increases into the community mental health funding system.

Similarly, the rate for supported housing beds in New York City has increased by a total of a mere 3.5% over the last ten years, while rent costs alone have increased by 43%. Consumers are facing steep rent increases as leases become due and some consumers have been faced with eviction notices as landlords seek more parity with market based rents. These are consumers who are living successfully and independently, who have come to depend upon their homes as a significant element of permanency. They serve as a reflection of those consumers' personal choice--prerequisite, as the original program plan notes, for their individualized rehabilitation and recovery treatment plans. They are people who have experienced major disruptions in their lifetime as a consequence of their illnesses who have begun the process of rebuilding fractured lives. They deserve predictability in that most fundamental of human needs--a permanent home. The Governor's proposal will allow providers to meet the fair rent demands of landlords and help ensure stability in the lives of people who deserve it and require it for their recovery.

We support the Governor's funding of 400 additional employment slots. It is a welcome bow to the need for more State attention to the employment needs of New York's

citizens who live with mental illnesses. While unemployment in our State is at a new low of approximately 5%, unemployment among people with psychiatric disabilities hovers at nearly 90%! Just as safe and affordable housing and caring professional support are necessary for consumers to travel the road to recovery and independence, employment has been shown to be of significant help on this journey. Employment programs and supported employment are efficient and cost-effective assistance. We can and must do more.

We are thrilled that the Governor is throwing his support to the Medicaid buy-in and congratulate him for this position. As sponsors of the New York Work Exchange, we have intimate understanding of the importance of this initiative that will permit New Yorkers with disabilities to go to work and share in the costs of retaining their health benefits through Medicaid. The buy-in will bring fairness to SSDI beneficiaries who contributed to their disability insurance when they were working. This is a measure that is helpful to people with psychiatric disabilities as well as to the employers of our State in that it will increase the availability of a workforce with skills and talents that are much needed in these economic good times. Economic incentives for employers will encourage them to employ people with disabilities and prove to be a boon to taxpayers as the new workers pay taxes and reduce their dependence on public subsidy of their benefits.

We call upon the legislature to build upon the Governor's proposal to permit people with disabilities to hold down jobs and develop careers. This will help them to join the mainstream while preserving the predictability of all important health benefits.

In sum, we applaud the Governor for his far-reaching proposal for reinvestment. We call upon the legislature to do its part to bolster the system of care delivery and help people with psychiatric disabilities live mainstreamed lives of permanence and predictability in their communities. Permanent housing, real jobs with real pay, recovery oriented and peer-run programs are valuable tools on the path to recovery. The Coalition looks forward to working with you to make these long deferred dreams a reality in New York State.