

HEALTH & MENTAL HYGIENE

**Summary of Recommended Appropriations
By Agency**

OFFICE FOR THE AGING

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	122,884,950	113,042,400	(9,842,550)	-8.0%
Special Revenue-Other	1,230,000	1,230,000	0	0.0%
Special Revenue-Federal	123,237,000	125,237,000	2,000,000	1.6%
Enterprise	100,000	100,000	0	0.0%
Total for AGENCY SUMMARY:	247,451,950	239,609,400	(7,842,550)	-3.2%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
General Fund:	29	27	(2)
All Other Funds:	100	100	0
TOTAL:	129	127	(2)

Agency Mission

(Executive Budget: pp. 107-110)

The New York State Office for the Aging (SOFA) is responsible for coordinating and administering federal, State and local programs and services for the 3.2 million State residents who are sixty years of age or older. The mission of SOFA is to help older New Yorkers remain as independent as possible through effective policies and programs, as well as through encouragement of informal support networks and, if necessary, formal support services. SOFA oversees 59 Area Agencies on Aging, as well as numerous other local programs and providers serving New York senior citizens.

This agency is included in the Health and Mental Hygiene appropriation bill.

Programmatic Highlights

The State Fiscal Year (SFY) 2010-11 Executive Budget includes the following:

- A proposal to eliminate funding for the Congregate Services Initiative.
- A proposal to eliminate funding for the Patients' Rights and Advocacy Hotline Project.
- A proposal to eliminate the Human Services cost-of-living adjustment (COLA) to prevent the implementation of a negative COLA in SFY 2010-11 and to extend the COLA for an additional year to March 2014.
- Cost savings initiatives totaling \$34,900,000 in the EPIC Program, administered by the Department of Health, including savings of \$32,400,000 by eliminating the Medicare Part D drug wrap and \$4,000,000 by requiring all Medicare Advantage members to enroll in Medicare Part D drug coverage as a condition of eligibility for the EPIC program. These savings are offset by \$1,500,000 to the Medicare Rights Center to support assistance to seniors in navigating the Medicare Part D system.

Budget Detail

The Executive proposes an All Funds appropriation of \$239,609,400, a net decrease of \$7,842,550 or 3.2 percent from the SFY 2009-10 level. The Executive recommends funding support for 127 full-time equivalent (FTE) positions, a decrease of two from SFY 2009-10.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$14,350,400, a net decrease of \$543,600 or 3.65 percent below the SFY 2009-10 level.

Proposed Decreases

The Executive proposes:

- a decrease of \$543,600 related to personal and non-personal service reductions.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$225,259,000 a net decrease of \$7,298,950 or 3.14 percent below the SFY 2009-10 level.

Proposed Decreases

The Executive proposes:

- a decrease of \$5,000,000 related to the elimination of legislative additions to the Expanded In-Home Services for the Elderly Program (EISEP), Community Services for the Elderly (CSE), and Supplemental Nutrition Assistance Program (SNAP);
- a decrease of \$806,000 by eliminating the funding for the Congregate Services Initiative (CSI) program; and
- a decrease of \$63,000 by eliminating the Patients' Rights Hotline and Advocacy Project.

Article VII

The Executive recommends Article VII legislation would:

- authorize the elimination of the Human Services cost-of-living adjustment (COLA) for SFY 2010-11, maintain the COLA in the remaining out years and extend the COLA for an additional year to March 2014.

The Executive recommends Article VII legislation related to the EPIC Program that would:

- eliminate the Medicare Part D drug wrap, so that any medication in a class of drugs covered by Medicare Part D would no longer be covered under EPIC; and
- require all Medicare Advantage members to enroll in Medicare Part D drug coverage as a condition of eligibility for the EPIC Program.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
Special Revenue-Federal	4,550,000	4,750,000	200,000	4.4%
Enterprise	10,000	10,000	0	0.0%
Total for AGENCY SUMMARY:	4,560,000	4,760,000	200,000	4.4%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
All Other Funds:	18	18	0
TOTAL:	18	18	0

Agency Mission

(Executive Budget: pp. 111-113)

The Developmental Disabilities Planning Council (DDPC) helps persons with developmental disabilities to be independent and productive participants in the life of their communities. The DDPC's staff monitors contracts with not-for-profit service providers who work with consumers, helping them to achieve community integration. The 34-member Council is federally funded through the Federal Developmental Disabilities Assistance and Bill of Rights Act of 1975.

This agency is included in the Health and Mental Hygiene appropriation bill.

Budget Detail

State Operations

The Executive proposes an All Funds appropriation of \$4,760,000, a net increase of \$200,000 or 4 percent above the State Fiscal Year (SFY) 2009-10 level. The staffing level will remain constant at 18 full-time equivalent (FTE) positions.

Proposed Increases

The Executive proposes:

- an increase of \$200,000 to reflect an anticipated increase in Federal grant awards.

DEPARTMENT OF HEALTH

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	13,963,540,760	11,739,078,190	(2,224,462,570)	-15.9%
Special Revenue-Other	6,788,177,198	7,366,634,887	578,457,689	8.5%
Special Revenue-Federal	35,322,872,000	36,293,412,200	970,540,200	2.7%
Enterprise	10,000	10,000	0	0.0%
Capital Projects Fund	232,600,000	232,600,000	0	0.0%
Capital Projects Fund - Advances	108,000,000	108,000,000	0	0.0%
Federal Capital Projects Fund	122,525,000	157,183,000	34,658,000	28.3%
Total for AGENCY SUMMARY:	56,537,724,958	55,896,918,277	(640,806,681)	-1.1%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
General Fund:	1,936	1,924	(12)
All Other Funds:	3,555	3,555	0
TOTAL:	5,491	5,479	(12)

Agency Mission

(Executive Budget: pp. 115-129)

The Department of Health (DOH) is the designated State agency responsible for promoting and supervising public health activities, ensuring sound and cost-effective medical care, reducing infectious diseases, and directing a variety of emergency preparedness initiatives. DOH has worked towards its goal of ensuring the highest quality, most appropriate, cost-effective health care for all New Yorkers. Since State Fiscal Year (SFY) 1996-97 when authority for the State's Medical Assistance (Medicaid) program was transferred from the former Department of Social Services,

DOH has served as the principal State agency responsible for coordinating with Federal and local governments, health care providers and program participants on behalf of the Medicaid program in New York.

This agency is included in the Health and Mental Hygiene appropriation bill.

Programmatic Highlights

The State Fiscal Year (SFY) 2010-11 Executive Budget includes the following:

- A reduction in overall State share Medicaid, HCRA and public health spending of \$1,848,900,000 comprised of \$1,910,500,000 in cost reductions and revenue actions offset by \$61,900,000 in reinvestments.
- An increase in the gross receipts assessment for hospitals, nursing homes, home care and personal care service providers totaling \$215,600,000 across all sectors.
- A modification to the indigent care payment methodology for hospitals that would redistribute indigent care funds based on uninsured visits rather than reported bad debt and charity care losses.
- A delay in the implementation of the new nursing home regional pricing methodology from April 1, 2009 until March 1, 2011.
- A modification of coverage under the Elderly Pharmaceutical Insurance Coverage (EPIC) Program to eliminate coverage for drugs denied by Medicare Part D and to discontinue the exemption of Medicare Advantage plans from the Medicare Part D mandate.
- The reinstatement of a requirement for the Insurance Department to issue prior approval of health insurance premium increases.
- An new excise tax on beverage syrups and soft drinks which would provide \$450,000,000 in revenue.
- An increase in the cigarette tax by \$1.00, from \$2.75 per pack to \$3.75 per pack, which would provide \$200,000,000 in revenue.
- A Medicaid savings to local governments in the amount of \$1,133,613,217 for SFY 2010-11, of which \$698,009,000 reflects the continuation of a cap on local Medicaid expenditures and \$435,604,217 represents projected savings from full state assumption of the local share of Family Health Plus.

- A significant reduction in State share Medicaid spending relating to an increase in the State's Federal Medical Assistance Percentages made available through the American Recovery and Reinvestment Act of 2009.
- A continuation of funding for the Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY) which provides for health care technology improvements, facility upgrades, reconfigurations and consolidations.

Budget Detail

The Executive requests the following:

- an All Funds appropriation of \$55,896,918,277, a decrease of \$640,806,681 or 1.1 percent from SFY 2009-10 levels;
- General Fund appropriations totaling \$11,739,078,190, a decrease of \$2,224,462,570 or 15.9 percent from SFY 2009-10 levels;
- Special Revenue Fund–Other appropriations totaling \$7,366,634,887, an increase of \$578,457,689 or 8.5 percent from SFY 2009-10 levels; and
- Special Revenue Fund–Federal appropriations totaling \$36,293,412,200, an increase of \$970,540,200 or 2.7 percent from SFY 2009-10 levels.

In the SFY 2010-11 Executive Budget, the Governor proposes funding support for 5,479 full-time equivalent (FTE) positions, a decrease of 12 FTE positions from SFY 2009-10.

State Operations

The Executive proposes an All Funds appropriation of \$2,036,067,287, a decrease of \$104,536,213 or 4.9 percent from SFY 2009-10.

Proposed Decreases

The Executive proposal includes:

- a reduction of \$22,000,000 in personal and non-personal service spending; and
- a reduction of \$7,600,000 from the Empire State Stem Cell Board.

Aid to Localities

Proposed Decreases

The Executive proposal includes:

- a reduction of \$6,700,000 in General Public Health Works funding attributable to the elimination of reimbursement for certain optional services and the transfer of a \$6,250,000 appropriation for local medical examiner reimbursement to the Division of Criminal Justice Services;
- a reduction of \$6,700,000 from the elimination of support for spinal cord injury research;
- a reduction of \$5,900,000 in the Early Intervention (EI) program related to activities that would maximize commercial insurance reimbursement for EI services;
- a reduction of \$3,800,000 related to the consolidation of various AIDS Institute programs;
- a reduction of \$2,400,000 in the EI program related to a revision of home and facility-based rates;
- a reduction of \$1,700,000 from the elimination of support for eating disorders programs;
- a reduction of \$1,500,000 in the EI program related to allowing behavioral aides to serve children with severe disabilities;
- a reduction of \$1,400,000 in the EI program related to modifying eligibility standards for speech therapy services;
- a reduction of \$1,300,000 related to a decrease in support for health promotion initiatives;
- a reduction of \$1,100,000 related to the consolidation of various cancer programs under the Center for Community Health;
- a reduction of \$900,000 related to a 50 percent decrease in funding for the American Red Cross;
- a reduction of \$900,000 from the elimination of support for Maternal and Early Childhood Foundation;

- a reduction of \$800,000 in the EI program related to requiring the use of preferred assessment tools in determining EI Eligibility;
- a reduction of \$500,000 in the EI program related to auditing EI providers;
- a reduction of \$400,000 related to requiring EI providers to bill Medicaid;
- a reduction of \$200,000 related to a 50 percent decrease in infertility services;
- a reduction of \$200,000 from the elimination of support for the Arthritis Foundation;
- a reduction of \$200,000 from the elimination of support for Maternal Mortality Review and Safe Motherhood Program;
- a reduction of \$200,000 from the elimination of support for the Umbilical Cord Blood Banking program;
- a reduction of \$100,000 from the elimination of support for the OSH Training and Education program;
- a reduction of \$100,000 from the elimination of support for statewide health broadcasts;
- a reduction of \$100,000 from the elimination of support for the Shaken Baby Syndrome Public Education program;
- a reduction of \$100,000 from the elimination of support for the Interim Lead Safe Housing program; and
- a reduction of \$100,000 from the elimination of support for the Center for Transformational Neurological Research.

The Executive proposal would also require the payment of parental fees for participation in the EI program. This proposal would not have any impact in SFY 2010-11 but would generate a reduction of \$13,600,000 in SFY 2011-12.

In addition, the Executive proposes the consolidation of several obesity and diabetes programs appropriations in the Center for Community Health.

Medical Assistance (Medicaid) Program and Health Care Reform Act (HCRA)

The Executive Budget includes total Medicaid spending of \$51,529,000,000, an increase of \$882,000,000 over SFY 2009-10. DOH is projected to comprise \$38,185,000,000 of overall Medicaid spending consisting of \$11,891,000,000 in State spending and \$26,294,000,000 in

federal support. This represents an increase of \$907,000,000, or 8.2 percent in State share Medicaid spending in DOH from SFY 2009-10.

The Executive budget reflects a significant offset to State share Medicaid spending relating to an infusion of federal support made available through the American Recovery and Reinvestment Act of 2009 (ARRA). Under this Act, each state's Federal Medical Assistance Percentages (FMAP), which determines the federal share of Medicaid costs, was increased in a manner that corresponds to rates of unemployment. This FMAP increase has provided New York with additional federal Medicaid funds totaling: \$1,092,000,000 in SFY 2008-09, \$3,155,000,000 in SFY 2009-10 and \$2,883,000,000 in SFY 2010-11. Under current law, the increase in FMAP will expire at the end of calendar year 2010.

In SFY 2008-09, HCRA was extended through March 31, 2011. In SFY 2010-11, HCRA receipts are projected to total \$5,317,000,000, an increase of \$528,000,000 from SFY 2009-10. HCRA disbursements are also projected to total \$5,317,000,000, an increase of \$288,000,000 from SFY 2009-10. The Executive Budget includes actions that would generate \$224,000,000 in reductions to HCRA programs and \$675,000,000 in new HCRA revenue (i.e. syrup and tobacco taxes, procedure surcharges) in SFY 2010-11. These actions would be used to support additional HCRA costs associated with the Medicaid program.

On January 1, 2006, the State implemented a cap on the local share of Medicaid expenditures. In calendar year 2006, local Medicaid contributions were capped at 3.5 percent growth over 2005 expenditures. The growth rate dropped to 3.25 percent in 2007 and to 3.0 percent for 2008 and thereafter. The Executive projects the cap will save counties a total of \$698,009,000 in SFY 2010-11. As of January 1, 2006, the State also assumed the full local share of Family Health Plus (FHP) expenditures, saving counties a projected \$435,604,217 in SFY 2010-11. These two actions are projected to yield \$1,133,613,217 in spending reductions to local governments in SFY 2010-11, with a corresponding increase in costs to the State.

The Executive proposes actions that are expected to reduce State share Medicaid and HCRA spending by approximately \$1,782,000,000, including spending reductions totaling \$1,169,300,000 and \$674,600,000 in new revenue actions, offset by \$61,900,000 in spending on new initiatives. On an All Funds basis, the Governor's proposal would reduce Medicaid and HCRA spending by \$2,599,300,000.

Hospitals

The SFY 2010-11 Executive Budget proposes hospital sector reductions totaling \$304,200,000 to be offset by \$59,600,000 in spending reallocations, resulting in a net decrease of \$244,600,000 in State share spending in SFY 2010-11. The Governor proposes the following actions to result in reductions:

- increase the assessment on hospital inpatient revenue from 0.35 percent to 0.75 percent (\$130,200,000 in reductions in SFY 2010-11);

- reduce hospital Indigent Care Program funding, and redistribute the remaining funding based on uninsured visits rather than reported bad debt and charity care losses. The Governor's proposal would provide transitional assistance to providers that are disproportionately impacted by the proposed redistribution (\$70,000,000 in reductions in SFY 2010-11);
- reduce Indirect Medical Education (IME) payments from 4.2 percent to 1.2 percent over a period of three years (\$57,300,000 in reductions in SFY 2010-11);
- eliminate the remaining 2010 hospital trend factor (\$26,700,000 in reductions in SFY 2010-11); and
- implement quality benchmarks to reduce the level of unnecessary hospital readmissions for preventable conditions (\$20,000,000 in reductions in SFY 2010-11).

The reductions will be offset by new spending proposals for the following initiatives:

- an increase of \$27,800,000 to provide a reinvestment of IME funding in the statewide hospital base rate to support general hospital costs;
- an increase of \$26,000,000 to reinvest IME funding in increased rates to improve obstetrical service access and quality;
- an increase of \$3,500,000 related to a reinvestment of IME funding in the Doctors Across New York Program to support 50 additional slots in the Physician Loan Repayment Program and 50 additional slots in the Physician Practice Support Program; and
- an increase of \$2,300,000 from a reinvestment of Indigent Care Program funding to support federally required Disproportionate Share Hospital payment program audits.

Nursing Homes

The Governor's proposed budget delays the implementation of the new nursing home regional pricing methodology, which was authorized in SFY 2009-10, from April 1, 2009 until March 1, 2011. However, the Executive proposes to implement the \$50,000,000 nursing home quality pool that was authorized as part of regional pricing on April 1, 2009. The quality pool would be funded through a redistribution of existing nursing home funding.

The SFY 2010-11 Executive Budget proposes nursing home sector reductions that would result in a net decrease of \$140,200,000 in State share spending in SFY 2010-11. Specifically the Governor's plan would:

- increase the nursing home assessment from 6 percent to 7 percent and provide that the proposed increase would not be reimbursable through the Medicaid program (\$67,800,000 in reductions in SFY 2010-11);
- eliminate the remaining 2010 nursing home trend factor (\$46,600,000 in reductions in SFY 2010-11);
- limit nursing home rate appeals to a maximum of \$80,000,000 per year and authorize the Commissioner of Health to enter into settlement agreements with providers (\$16,500,000 in spending reductions in SFY 2010-11);
- reduce bed hold day payments from 100 percent to 95 percent of the daily rate and cap the number of per-patient leave days that may be compensated at 14 days for outside hospitalizations and 10 days for therapeutic leave (\$6,900,000 in reductions in SFY 2010-11); and
- carve out prescription drug costs from the nursing home rate and reimburse these drugs through the fee-for-service Medicaid program (\$2,400,000 in spending reductions in SFY 2010-11).

Home Care and Personal Care

The SFY 2010-11 Executive Budget proposes home care and personal care sector reductions that would result in a net decrease of \$74,000,000 in State share spending in SFY 2010-11. The Governor proposes the following actions to result in spending reductions:

- limiting personal care services to no more than an average of 12 hours per day over the course of an authorization period. Any individual that requires more than 12 hours of personal care services per day would be transferred to the Managed Long Term Care program, the Nursing Home Transition and Diversion Waiver program, or the Long Term Home Health Care program (\$30,000,000 in reductions in SFY 2010-11);
- increasing the assessment on home care and personal care revenue from 0.35 percent to 0.75 percent (\$17,600,000 in reductions in SFY 2010-11);
- eliminating the remaining 2010 personal care trend factor (\$14,300,000 in reductions in SFY 2010-11);

- eliminating the remaining 2010 home care trend factor (\$11,500,000 in spending reductions in SFY 2010-11); and
- increasing the reassessment period for participation in the Long Term Home Health Care program from 120 days to 180 days and allow the program to coordinate case management services with other non-waiver programs (\$600,000 in reductions in SFY 2010-11).

Pharmacy

The SFY 2010-11 Executive Budget proposes pharmacy sector reductions totaling \$48,600,000, to be offset by \$1,500,000 in new spending, resulting in a net decrease of \$47,100,000 in State share spending in SFY 2010-11. The Governor proposes the following actions:

- eliminate EPIC coverage for drugs not covered by Medicare Part D (\$32,400,000 in reductions in SFY 2010-11);
- eliminate limited Medicaid coverage for certain drugs not covered by Medicare Part D (\$4,300,000 in reductions in SFY 2010-11);
- require Medicare Advantage enrollees with EPIC coverage to enroll in Medicare Part D even if it would be more costly for the individual to do so (\$4,000,000 in reductions in SFY 2010-11);
- expand the list of physician administered drugs to allow the State to derive additional rebates (\$2,900,000 in reductions in SFY 2010-11);
- eliminate the exemption for HIV/AIDS drugs, Anti-Rejection Drugs, Anti-Psychotics and Anti-Depressants from the Preferred Drug Program. Under the Executive Plan, these drugs would be included in the program but would not be subject to prior approval (\$2,100,000 in spending reductions in SFY 2010-11);
- improve the State's drug rebate dispute resolution activities (\$1,200,000 in reductions in SFY 2010-11);
- reduce the Preferred Drug Program's Pharmacy and Therapeutics Committee public notice requirement for adding new classes of drugs from 30 days to 5 days (\$800,000 in reductions in SFY 2010-11);
- eliminate preferred reimbursement rates for specialty HIV pharmacies (\$600,000 in reductions in SFY 2010-11); and

- prohibit "inappropriate" pharmaceutical company gifts to doctors (\$300,000 in reductions in SFY 2010-11).

These actions will be offset by a \$1,500,000 increase to support an investment in community based organizations that provide seniors with Medicare Part D enrollment support, including \$750,000 for the Medicare Rights Center and \$750,000 for the American Association of Retired Persons.

Insurance

The SFY 2010-11 Executive Budget proposes insurance actions that would result in a net decrease of \$197,400,000 in State share spending in SFY 2010-11. The Governor proposes the following actions:

- delay payments under the Physicians Excess Medical Malpractice program from March 2011 to July 2011 (\$127,400,000 in spending reductions in SFY 2010-11); and
- reinstitute a requirement for the Insurance Department to issue prior approval of health insurance premium increases. This proposal would reduce the number of people who shift to public insurance programs when employer-sponsored programs become unaffordable (\$70,000,000 in spending reductions in SFY 2010-11).

Managed Care

The SFY 2010-11 Executive Budget proposes managed care sector reductions that would result in a net decrease of \$61,400,000 in State share spending in SFY 2010-11. The Governor proposes the following spending reductions:

- reduce Medicaid Managed Care premiums by 1.7 percent (\$53,700,000 in reductions in SFY 2010-11); and
- reduce Family Health Plus premiums by 1.7 percent (\$7,700,000 in reductions in SFY 2010-11).

Utilization Management

The SFY 2010-11 Executive Budget proposes a series of utilization management initiatives resulting in a net decrease of \$13,700,000 in State share spending in SFY 2010-11. The Executive Budget proposes the following spending reductions:

- establish transportation managers for non-emergency transportation services (\$8,300,000 in reductions in SFY 2010-11);

- require pre-authorization for outpatient physical and occupational therapy (\$3,500,000 in spending reductions in SFY 2010-11); and
- implement additional utilization review requirement for durable medical equipment, medical supplies and hearing services (\$1,900,000 in spending reductions in SFY 2010-11).

Early Intervention (EI) Program – Medicaid

The SFY 2010-11 Executive Budget proposes Medicaid EI program reductions that would result in a net decrease of \$7,200,000 in State share spending in SFY 2010-11. The Governor proposes the following spending reductions:

- modify the eligibility standards for speech therapy services under the EI program (\$2,900,000 in spending reductions in SFY 2010-11);
- allow behavioral aides to serve children with severe disabilities under the EI program (\$1,700,000 in spending reductions in SFY 2010-11);
- revise EI program of home and facility-based rates (\$1,400,000 in spending reductions in SFY 2010-11);
- audits of EI providers (\$400,000 in spending reductions in SFY 2010-11);
- maximize commercial insurance reimbursement for EI services (\$300,000 in spending reductions in SFY 2010-11);
- require EI providers to bill Medicaid (\$300,000 in spending reductions in SFY 2010-11); and
- require the use of preferred assessment tools in determining EI Eligibility (\$200,000 in spending reductions in SFY 2010-11).

Other Medicaid and HCRA Actions

The SFY 2010-11 Executive Budget proposes other Medicaid and HCRA reductions totaling \$322,600,000 to be offset by \$800,000 in new spending, resulting in a net decrease of \$321,800,000 in State share spending in SFY 2010-11. The Governor proposes the following spending reductions:

- an increase in Medicaid fraud audit collections from \$870,000,000 to \$1,170,000,000 representing a \$300,000,000 spending reductions in SFY 2010-11;

- an elimination of anti-tobacco funding for cancer research at Roswell Park Cancer Institute (\$13,600,000 in spending reductions in SFY 2010-11);
- consolidation of the five existing poison control centers into two centers (\$2,500,000 in spending reductions in SFY 2010-11);
- an elimination of the Disease Management Demonstration Program (\$1,800,000 in spending reductions in SFY 2010-11);
- an elimination of the Long Term Care Education and Outreach Program (\$1,300,000 in spending reductions in SFY 2010-11);
- the reduction in infertility services funding (\$1,300,000 in spending reductions in SFY 2010-11);
- the expansion of the definition of “estate” when related to Medicaid asset recoveries (\$1,100,000 in spending reductions in SFY 2010-11); and
- a requirement that pre-need funeral accounts must be established as irrevocable trusts (\$1,000,000 in spending reductions in SFY 2010-11).

These actions will be offset by a \$800,000 increase to support a federal requirement that the Child Health Plus program cover medically-necessary orthodontia services.

New HCRA Revenue Actions

The SFY 2009-10 Executive Budget proposes several actions to generate \$674,600,000 in new revenue in SFY 2009-10. Specifically, the Governor proposes the following actions:

- implement an excise tax on beverage syrups and soft drinks at a rate of \$7.68 per gallon for beverage syrups or simple syrups and \$1.28 per gallon for bottled or powdered soft drinks which would provide \$450,000,000 in revenue in SFY 2010-11;
- increase the cigarette tax by \$1.00, from \$2.75 per pack to \$3.75 per pack, which would provide \$200,000,000 in revenue in SFY 2010-11; and
- extend the 9.63 percent HCRA surcharge to certain services performed in ambulatory surgery centers, physicians offices, and urgent care settings, which would provide \$24,600,000 in revenue in SFY 2010-11.

Capital Projects

The Health Care Efficiency and Affordability Law of New York (HEAL NY) provides funding to help enhance the efficiency of New York's health care system and funds for this program are used to support health care technology improvements as well as facility upgrades, reconfigurations, and consolidations. The Executive Budget proposes \$325,000,000 in funding for the HEAL NY program in SFY 2010-11, which brings total funding for the program to \$1,600,000,000 over the previous six State fiscal years. The Governor continues to allocate \$25,000,000 in HEAL NY support for capital improvements at the Roswell Park Cancer Institute.

Article VII

Part A – Public Health Programs

The Executive recommends Article VII legislation that would:

- require certain Early Intervention (EI) providers to bill the Medicaid program;
- require commercial insurers to cover claims for EI services;
- establish a sliding scale parental fee to participate in the EI program and create an EI program account to deposit fees;
- consolidate various cancer programs;
- consolidate the Quality Incentive Payment and Enhancing Abilities and Life Experience adult home programs;
- eliminate the Congregate Services Initiative program from the State Office for Aging;
- revise provisions related to the Comprehensive Care Centers for Eating Disorders and the Health Care and Wellness Education and Outreach programs;
- make technical changes to the Temporary Residence Inspections program;
- eliminate the Umbilical Cord Blood Banking program, the Shaken Baby Syndrome Public Education program and Reflex Sympathetic Dystrophy program;
- eliminate EPIC coverage for drugs that are denied by Medicare Part D;
- eliminate the Medicare Advantage financial exemption from mandatory enrollment in Medicare Part D;
- make various changes to the General Public Health Works program;

- change the Hospital Acquired Infections reporting date;
- require physicians to submit email contact to DOH;
- authorize the dissemination of cardiac data for research purposes;
- modify AIDS Institute and Center for Community Health COLA provisions; and
- authorize the development of a Statewide Health Information Network, consistent with ARRA requirements.

Part B – Medicaid / Cost Containment

The Executive recommends Article VII legislation that would:

- discontinue the 2010 trend factor for hospitals, nursing homes, home and personal care and assisted living programs;
- increase the hospital inpatient assessment from 0.35 percent to 0.75 percent;
- establish quality benchmarks and reduce hospital payments to limit treatment for preventable conditions;
- reduce Indirect Medical Education (IME) payments and reinvest in obstetrics access and other measures to enhance quality;
- modify the hospital indigent care reimbursement methodology to base the distribution of funds on indigent care visits;
- accelerate the Pharmacy and Therapeutics Committee public notice process;
- eliminate the Medicare Part D drug wrap for dual-eligible individuals;
- discontinue enhanced reimbursement for specialty HIV pharmacies;
- authorize licensed pharmacists to administer vaccinations;
- extend the HCRA surcharge to surgical and radiation procedures performed in physicians' offices;
- discontinue certain HCRA allocations for the Disease Management Demonstration program, the Long Term Care Education and Outreach program, and Anti-Tobacco funding for the Roswell Park Cancer Institute;

- reduce HCRA allocations for the infertility program;
- consolidate Poison Control Centers and reduce HCRA allocations;
- expand the definition of “estate” for Medicaid asset recovery purposes;
- require pre-need funeral accounts be implemented as irrevocable trusts;
- authorize statewide transportation managers for non-emergency transportation;
- authorize Child Health Plus (CHP) coverage of medically necessary orthodontia;
- require proof of citizenship for CHP eligibility purposes;
- authorize a cooperative agreement between DOH and the Department of Taxation and Finance to streamline the income verification process for CHP, Medicaid and the EI programs;
- authorize “express lane” eligibility for CHP and Medicaid to allow the sharing of enrollment data between public programs;
- implement co-pays for the Family Health Plus (FHP) Buy-In program;
- prohibit certain gifts to prescribers by pharmaceutical companies;
- increase funding for the Doctors Across NY program;
- increase from five to ten the number of general hospitals authorized to operate Transitional Care Units;
- increase civil penalties for Medicaid fraud;
- limit certain liabilities under the local Medicaid cap;
- authorize the Commissioner of Health to waive payment of interest and penalties for HCRA surcharges;
- allow certain not-for-profit hospitals to refinance outstanding debt;
- expand income attestation for Medicaid and FHP;
- expand Medicaid transitional assistance;

- allow the Commissioner of Health to enter into single service contracts to conduct Disproportionate Share Hospital payment audits;
- expand selective contracting to outpatient services and extend its provisions;
- expand the types of providers authorized to be diabetes educators;
- make certain technical budget changes; and
- extend various expiring laws.

Part C – Long Term Care Reform

The Executive recommends Article VII legislation that would:

- limit nursing home rate appeals and authorize the Commissioner of Health to enter into settlement agreements;
- reduce payments and limit the number of days for nursing home bed-holds;
- increase the nursing home assessment from 6 percent to 7 percent and exclude the increase from reimbursement eligibility under the Medicaid program;
- authorize an extension of nursing home rebasing and delay the implementation of a regional pricing methodology from April 1, 2010 to March 1, 2011;
- carve out prescription drugs from nursing home reimbursement;
- increase the home and personal care assessment from 0.35 percent to 7 percent;
- cap utilization of personal care services to 12 hours per day and redirect patients requiring high utilization to alternative settings;
- implement episodic payment reimbursement methodology for Certified Home Health Agencies;
- expand the Long Term Home Health Care Program (LTHHCP) reassessment period from 120 to 180 days;
- allow LTHHCPs to collaborate in case management;
- increase civil penalties for failure to report certain data for home care agencies;
- establish a Federal-State Medicare Savings Partnership program;

- establish a Long-Term Care Financing demonstration program;
- establish a County Long Term Care Financing demonstration program;
- authorize DOH to study the use of resident data collected from the uniform assessment tool to test its effectiveness in adjusting rates of payment for assisted living programs;
- expand the Nursing Home Voluntary Rightsizing program;
- allow the Commissioner of Health to assess Managed Long Term Care program solvency and limit the role of the Superintendent of Insurance in regard to rate setting and contract approvals; and
- make certain changes to nursing home equity withdrawal provisions.

Part D: Insurance

The Executive recommends Article VII legislation that would reinstitute the Insurance Department's authority to issue prior approval of any health insurance premium increase. The Executive estimates that this action would reduce the number of people who shift to public insurance programs when employer-sponsored programs become unaffordable.

MEDICAID INSPECTOR GENERAL, OFFICE OF THE

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	34,742,000	33,274,000	(1,468,000)	-4.2%
Special Revenue-Other	4,064,000	4,083,000	19,000	0.5%
Special Revenue-Federal	52,284,000	50,804,000	(1,480,000)	-2.8%
Total for AGENCY SUMMARY:	91,090,000	88,161,000	(2,929,000)	-3.2%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
General Fund:	328	362	34
All Other Funds:	331	366	35
TOTAL:	659	728	69

Agency Mission

(Executive Budget: pp. 131-133)

The Office of the Medicaid Inspector General (OMIG) was created as an independent entity within the Department of Health (DOH) by Chapter 442 of the Laws of 2006. OMIG is responsible for improving and preserving the integrity of the Medicaid program by conducting and coordinating fraud/abuse control activities for all State agencies responsible for services funded by Medicaid. In carrying out its mission, OMIG conducts and supervises all prevention, detection, audit and investigation efforts and coordinates such activities with the DOH, the Office of Mental Health, Office of Mental Retardation and Developmental Disabilities, and Office of Alcoholism and Substance Abuse Services. OMIG also works closely with the Medicaid Fraud and Control Unit in the Attorney General's Office and with Federal and local law enforcement agencies.

This agency is included in the Health and Mental Hygiene appropriation bill.

Programmatic Highlights

The State Fiscal Year (SFY) 2009-10 Executive Budget includes the following:

- The establishment of civil penalties for persons who commit Medicaid fraud.
- The sharing of services between the OMIG and other State entities to strengthen efforts in detecting, preventing, and controlling public benefit fraud.

Budget Detail

The Executive request includes an All Funds appropriation of \$88,161,000, a decrease of \$2,929,000 or 3.2 percent from SFY 2009-10 levels. The Executive recommends funding support for 728 full-time equivalent (FTE) positions, an increase of 69 FTE positions over SFY 2009-10.

The Executive's Budget proposal would allow for a number of inter-agency collaborations to prevent fraud and abuse of public benefits. Under the plan:

- OMIG and the OWIG would share services in order to provide greater efficiency and to otherwise strengthen collaborative efforts to detect, prevent and control public benefit fraud;
- OMIG would collaborate with the Department of Taxation and Finance and the Workers' Compensation Board to prevent individuals and providers who are disqualified from the Medicaid program from accessing its benefits; and
- OWIG and the Department of Labor would identify those who illegally shift the cost of employees' medical care to the Medicaid program.

Also to combat fraud and abuse, the Executive proposal would also implement a recipient asset verification system, and would close certain loopholes that allow for the transfer of assets. These efforts combined will assist OMIG to achieve a SFY 2010-11 Medicaid fraud enforcement target of \$1.7 billion.

State Operations

The Executive requests an All Funds State Operations appropriation of \$88,161,000, a decrease of \$2,929,000 or 3.2 percent from SFY 2009-10 levels.

Proposed Decreases

The Executive proposes:

- a decrease of \$2,929,000 related to a reduction in personal and non-personal service spending.

Article VII

The Executive recommends Article VII legislation that would increase civil penalties for first-time and repeat offenders who commit Medicaid fraud.

DEPARTMENT OF MENTAL HYGIENE

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
Special Revenue-Other	600,000,000	600,000,000	0	0.0%
Total for AGENCY SUMMARY:	600,000,000	600,000,000	0	0.0%

Agency Mission

(Executive Budget: p. 135)

The Office of Mental Health (OMH), the Office of Mental Retardation and Developmental Disabilities (OMRDD) and the Office of Alcoholism and Substance Abuse Services (OASAS) comprise the Department of Mental Hygiene (DMH). All three agencies, as direct providers of care, are funded in part by Medicaid, Medicare, third-party insurance and private payments. Patient revenues in the Patient Income Account (PIA) are pledged first to the payment of debt service on outstanding Mental Hygiene bonds. Anticipated PIA revenue is appropriated within the budgets of the mental hygiene agencies. During the course of the fiscal year, however, additional unanticipated revenue may be received or bond refinancing might decrease debt service requirements. Unanticipated revenue is appropriated to the DMH and then allocated in proportion to the appropriate mental hygiene agency.

This agency is included in the Health and Mental Hygiene appropriation bill.

Budget Detail

The Executive proposes a Special Revenue Fund-Other appropriation of \$600,000,000, reflecting no change from State Fiscal Year (SFY) 2009-10.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	135,653,037	153,000,000	17,346,963	12.8%
Special Revenue-Other	304,158,527	311,984,000	7,825,473	2.6%
Special Revenue-Federal	141,918,000	146,560,000	4,642,000	3.3%
Capital Projects Fund	10,837,000	10,888,000	51,000	0.5%
Mental Hygiene Capital Improvement Fund-389	98,046,000	98,046,000	0	0.0%
Total for AGENCY SUMMARY:	690,612,564	720,478,000	29,865,436	4.3%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
All Other Funds:	894	891	(3)
TOTAL:	894	891	(3)

Agency Mission

(Executive Budget: pp. 137-140)

The Office of Alcoholism and Substance Abuse Services (OASAS) administers a statewide system of chemical abuse and gambling prevention, early intervention and treatment services. The agency operates 13 addiction treatment centers located across the State to provide intermediate term treatment as a complement to the more intensive, short-term treatment provided in community hospitals. OASAS also licenses and regulates over 1,500 chemical dependence and compulsive gambling prevention, treatment and recovery services providers, the highest in the nation. In addition, OASAS licenses 300 providers of community prevention services.

This agency is included in the Health and Mental Hygiene appropriation bill.

Programmatic Highlights

The State Fiscal Year (SFY) 2010-11 Executive Budget includes the following:

- A proposal to develop 1,000 new outpatient slots and to increase case management and assessment services in response to reform of the Rockefeller Drug Laws.
- Funding for operating costs for 172 new beds in the pipeline and other residential options for high-priority populations, including veterans, women and children.
- A proposal to eliminate the Human Services cost-of-living adjustment (COLA) to prevent the implementation of a negative COLA in SFY 2010-11 and to extend the COLA for an additional year to March 2014.

Budget Detail

The Executive proposes an All Funds appropriation of \$720,478,000, a net increase of \$29,865,436 or 4.3 percent above SFY 2009-10 levels. The Executive recommends funding support of 891 full-time equivalent (FTE) positions, a decrease of three positions.

State Operations

The Executive proposes:

- an All Funds State Operations appropriation of \$130,350,000, a net decrease of \$4,366,000 or 3.24 percent below the SFY 2009-10 level.

Proposed Increases

The Executive proposes:

- an increase of \$ 3,738,000 related to the cost of continuing State-operated programs, including the collectively bargained salary increases and other salary, inflationary and fringe benefit adjustments.

Proposed Decreases

The Executive proposes:

- a decrease of \$3,155,000 from the annualization of savings associated with Phase 1 and 2 of the Voluntary Severance Program;

- a decrease of \$3,052,000 from savings realized through re-estimates of fringe benefit and indirect costs;
- a decrease of \$1,021,000 related to centralized efforts to reduce State costs through collectively bargained benefit and/or compensation changes; and
- a decrease of \$875,000 related to non-personal service efficiencies.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$481,194,000, a net increase of \$34,180,436 or 7.65 percent above the SFY 2009-10 level.

Proposed Increases

The Executive proposes:

- an increase of \$13,950,000 related to one-time savings actions implemented in the SFY 2009-10 Deficit Reduction Plan;
- an increase of \$12,827,000 related to reform of the Rockefeller Drug Laws to support increased case management and assessment services, as well as 1,000 new outpatient treatment slots;
- an increase of \$5,862,000 in appropriation authority related to anticipated increases in Federal Grant awards, including Shelter Plus Care, Substance Abuse Prevention and Treatment, and prior year Disproportionate Share Hospital liabilities; and
- a net increase of \$3,841,000 for operating costs for 172 beds in the pipeline and other residential options for high-priority populations, including veterans, women, and children.

Proposed Decreases

The Executive recommends:

- a decrease of \$2,000,000 by eliminating the suballocation to the Department of Health AIDS Institute for the provision of primary healthcare services to individuals with chemical dependencies;
- a decrease of \$300,000 by delaying the planned expansion of compulsive gambling prevention programs in five counties; and

- a decrease of \$30,000 by eliminating funding for Unified Services, effective July 1, 2010.

Capital Projects

The Executive proposes an All Funds Capital Projects appropriation of \$108,934,000, a net increase of \$51,000 or 0.05 percent above the SFY 2009-10 level.

The Executive proposes \$51,000 for cost increases in administrative and capital project cost escalations.

Article VII

The Executive recommends Article VII legislation that would:

- extend for four years current social worker and mental health professional licensing exemptions for programs operated, regulated, or funded by OASAS;
- authorize the elimination of the Human Services COLA for SFY 2010-11, maintain the COLA in the remaining out years, and extend the COLA for an additional year to March 31, 2014;
- restructure rates for hospital inpatient and community based detoxification services;
- authorize the elimination of funding for Unified Services; and
- authorize the transfer of the Alcohol and Drug Rehabilitation Program from the Department of Motor Vehicles to the OASAS.

OFFICE OF MENTAL HEALTH

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	532,540,296	561,054,000	28,513,704	5.4%
Special Revenue-Other	2,612,987,811	2,791,162,000	178,174,189	6.8%
Special Revenue-Federal	45,197,000	48,845,000	3,648,000	8.1%
Enterprise	8,578,000	8,606,000	28,000	0.3%
Capital Projects Fund	38,010,000	37,600,000	(410,000)	-1.1%
Mental Hygiene Capital Improvement Fund-389	538,533,000	196,691,000	(341,842,000)	-63.5%
Internal Service Fund	2,782,000	2,810,000	28,000	1.0%
Total for AGENCY SUMMARY:	3,778,628,107	3,646,768,000	(131,860,107)	-3.5%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
All Other Funds:	16,297	16,169	(128)
TOTAL:	16,297	16,169	(128)

Agency Mission

(Executive Budget: pp. 141-147)

The Office of Mental Health (OMH) has oversight over all mental health services in New York State. The agency is a direct provider of medium and long-term care at 16 adult psychiatric centers and six children's psychiatric centers. In addition, OMH provides diagnostic and treatment services to persons involved with the criminal justice system at three forensic psychiatric centers. Additionally, OMH provides mental health services in 23 sites across the State to inmates incarcerated in Department of Correctional Services' facilities.

Research staff at the New York State Psychiatric Institute and the Nathan S. Kline Institute for Psychiatric Research conduct basic and applied research into the causes and treatment of psychiatric disorders, supported by State funds and grants from outside sources. OMH licenses and regulates more than 2,500 not-for-profits, government-operated and proprietary mental health agencies that serve 600,000 persons each year receiving inpatient, outpatient, emergency, residential and family care, and community support services.

This agency is included in the Health and Mental Hygiene appropriation bill.

Programmatic Highlights

The State Fiscal Year (SFY) 2010-11 Executive Budget includes the following proposals:

- To close eight adult inpatient psychiatric wards two of which would be converted to transitional care units.
- To provide first year funding for education and assessment of impacted adult home residents related to the State's proposed Adult Home Remediation Plan.
- To continue support for residential bed development agreements under NY/NY III agreements and supported housing beds.
- To continue support for conversions to Personalized Recovery Oriented Services (PROS).
- To restructure the Sex Offender Management and Treatment Act (SOMTA) services.
- To eliminate the Human Services cost-of-living adjustment (COLA) to prevent the implementation of a negative COLA in SFY 2010-11 and to extend the COLA for an additional year to March 2014.

Budget Detail

The Executive proposes an All Funds appropriation of \$3,646,768,000, a net decrease of \$131,860,107 or 3.5 percent below the SFY 2009-10 level. The Executive recommends funding for 16,169 full-time equivalent (FTE) positions, a decrease of 128 positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$2,131,294,000, an increase of \$82,636,000 or 4.03 percent above the SFY 2009-10 level.

Proposed Increases

The Executive proposes:

- an increase of \$182,809,000 related to negotiated salary increases annualizations, fringe and indirect adjustments; and
- an increase of \$3,898,000 related to an increase in Civil Service Charge Back costs.

Proposed Decreases

The Executive proposes:

- a net decrease of \$83,459,000 related to efficiencies in centralized personal service reductions, including voluntary severance, central office attrition, reductions in overtime and hazardous duty pay, on-call shifts, voluntary reduction of work schedule (VRWS), outpatient pharmacy use, eliminating lease of unused space, and other initiatives;
- a decrease of \$11,300,000 related to a lower projected census of civilly confined sexual offenders under the Sex Offender Management and Treatment Act (SOMTA) and savings related to the use of video conferencing;
- a decrease of \$9,000,000 by closing eight adult inpatient psychiatric wards (5 percent of capacity) and shifting the staffing resources from six of these wards to community programs and converting two wards to a less staffing intensive residential level of care to help transition individuals into community care;
- a decrease of \$700,000 by eliminating the reporting requirements for the unmet needs study; and
- a decrease of \$103,000 related to using State employees to perform Information Technology work rather than using contract workers.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$1,281,183,000, a net increase of \$127,755,893 or 11.08 percent above SFY 2009-10.

Proposed Increases

The Executive proposes:

- an increase of \$74,724,000 to provide the support for residential bed development under NY/NY III agreements, increased debt service and mortgage payments, and 1,500 supported housing beds;
- an increase of \$27,2000 to annualize prior year initiatives, including co-occurring disorders, managed care demonstrations, family care provider enhancements, family support services for clinic plus, the Comprehensive Children's Plan, peer run support and ambulatory care reform;
- an increase of \$19,416,000 for other annualizations and base adjustments, including COPS/CSP rate appeals, restoration for hospitals exceeding the Disproportionate Share (DSH) cap, residential treatment facility growth, and miscellaneous adjustments;
- an increase of \$9,000,000 to annualize conversions to Personalized Recovery Oriented Services; and
- an increase of \$1,000,000 for education and assessment purposes related to residents of impacted adult homes in accordance with the State's proposed Adult Home Remediation Plan.

Proposed Decreases

The Executive proposes:

- a decrease of \$4,500,000 related to exempt income recoveries;
- a decrease of \$1,032,000 by eliminating funding for enhanced Unified Services;
- a decrease of \$750,000 related to Medicaid maximization of Community Residential and Family-Based Treatment funding; and
- a decrease of \$375,000 related to a proposal to carve out pharmaceutical costs from the reimbursement paid to a residential treatment facility and to bill these costs instead directly to Medicaid on a fee-for-service basis.

Capital Projects

The Executive proposes an All Funds Capital Projects appropriation of \$234,291,000, a net decrease of \$342,252,000 or 59.36 percent below SFY 2009-10.

The Executive proposes the following increases in capital funding:

- an increase of \$2,590,000 for planned growth in hard dollar appropriations; and
- an increase of \$9,000 for salary and fringe increases.

The Executive proposes the following decreases in capital funding:

- a decrease of \$341,851,000 by eliminating previous year authority for construction of a new inpatient building at Mid-Hudson Forensic Psychiatric Center, a new inpatient building at Bronx Psychiatric Center, a power plant at Rockland Psychiatric Center, and a power plant at Manhattan Psychiatric Center; and
- a decrease of \$3,000,000 in savings to hard dollar appropriations.

Article VII

The Executive recommends Article VII legislation that would:

- extend for four years current social worker and mental health professional licensing exemptions for programs operated, regulated, or funded by OMH;
- authorize the elimination of the Human Services COLA for SFY 2010-11, maintain the COLA in the remaining out years and extend the COLA for an additional year March 31, 2014;
- eliminate a requirement that the Office of Mental Health issue a report on the provision of mental health services to traditionally underserved populations;
- authorize electronic appearances in certain court proceedings conducted under the SOMTA;
- extend the Community Mental Health Support and Workforce Reinvestment Program for one year and reduce and convert inpatient wards operated by OMH;
- clarify OMH's existing authority to recover exempt income from community residences and family based treatment programs;
- clarify the role of facility directors as representative payees and the use of Federal entitlement benefits in accordance with Federal laws and regulations;

- authorize the elimination of enriched funding for Unified Services; and
- amend Mental Hygiene law in relation to payments made by OMH and the Office of Mental Retardation and Developmental Disabilities to family care homes.

Deficiency Request

The adjusted appropriation includes a recommended deficiency appropriation of \$20,000,000 for the Adult, Children and Youth, and Community Reinvestment programs for SFY 2009-10. The appropriation is a technical correction to the Enacted SFY 2009-10 Deficit Reduction Plan (DRP). The Enacted DRP impacted OMH by an additional \$20,000,000 higher than the Legislature had intended due to OMH's Local Assistance fiscal year operating on a July to June basis. This is an appropriation-only deficiency and is needed to support existing OMH programs, consistent with the State's Financial Plan.

In addition to the technical deficiency, the adjusted appropriation also includes a recommended deficiency appropriation of \$12,000,000 for the Adult, Children and Youth, and Community Investment programs to allow OMH to expend available cash that it could otherwise not use due to insufficient appropriation authority.

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	1,481,898,245	1,607,322,000	125,423,755	8.5%
Special Revenue-Other	2,876,723,954	3,017,666,000	140,942,046	4.9%
Special Revenue-Federal	1,751,000	751,000	(1,000,000)	-57.1%
Enterprise	2,669,000	2,668,000	(1,000)	-0.04%
Capital Projects Fund	65,040,000	57,025,000	(8,015,000)	-12.3%
Mental Hygiene Capital Improvement Fund-389	62,275,000	82,535,000	20,260,000	32.5%
Internal Service Fund	350,000	350,000	0	0.0%
Total for AGENCY SUMMARY:	4,490,707,199	4,768,317,000	277,609,801	6.2%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
All Other Funds:	21,768	21,857	89
TOTAL:	21,768	21,857	89

Agency Mission

(Executive Budget: pp. 149-155)

The Office of Mental Retardation and Developmental Disabilities (OMRDD) administers a statewide network of services to persons with developmental disabilities and their families through 14 Developmental Disabilities Services Offices (DDSO). OMRDD's mission is to help people with developmental disabilities live richer lives. The agency's vision is to assure that people with developmental disabilities enjoy meaningful relationships with family, friends, and others in their

lives; experience personal health and growth; and live in homes and fully participate in the communities of their choice.

This agency is included in the Health and Mental Hygiene appropriation bill.

Programmatic Highlights

The State Fiscal Year (SFY) 2010-11 Executive Budget includes proposals:

- To continue efforts to consolidate Developmental Disability Services Office (DDSO) administrative functions.
- To eliminate the Human Services cost-of-living adjustment (COLA) to prevent the implementation of a negative COLA in SFY 2010-11 and to extend the COLA for an additional year to March 2014.
- To restructure Medicaid Service Coordination (MSC).
- To provide for a Medicaid Trend, for both SFY 2010-11 (effective April 1) and retroactively for SFY 2009-10.
- To implement the sixth installment of a health care initiative, designed to offset health care costs for direct care workers in eligible not-for-profit agencies.
- To develop 510 new residential opportunities through NYS-CARES.
- To support 890 new Day Services opportunities.
- To implement a three percent rate reduction for Individualized Residential Alternatives (IRAs) to achieve greater efficiencies.
- To accelerate a four percent rate reduction for Day Habilitation programs.

Budget Detail

The Executive proposes an All Funds appropriation of \$4,768,317,000, a net increase of \$277,609,801 or 6.2 percent above the SFY 2009-10 level. The Executive recommends funding to support 21,857 full-time equivalent (FTE) positions, an increase of 89 positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$2,259,461,000, a net increase of \$87,051,000 or 4.01 percent above the SFY 2009-10 level.

Proposed Increases

The Executive proposes:

- \$82,700,000 for collectively bargained salary increases;
- \$48,800,000 for other salary, fringe benefit, and inflationary adjustments;
- \$17,100,000 for annualizations of prior-year initiatives, including special unit developmental center rundown; and
- \$5,500,000 for the first-time payment of a Civil Service assessment for non-General Fund supported positions.

Proposed Decreases

The Executive proposes the following reductions:

- \$24,328,000 related to centralized efforts to reduce State costs through collectively bargained benefit and/or compensation changes;
- \$20,527,000 related to personal and non-personal service efficiencies, including managing vacancies of non-critical positions, monitoring food expenditures, consolidating non-residential leases, automating certain administrative processes, improving energy efficiency, and using capital resources more efficiently;
- \$1,538,000 by eliminating 20 positions at the Institute for Basic Research (IBR) related to non-core research functions. Autism research and the operations of the Jervis Clinic would not be affected;
- \$1,512,000 related to both the transfer of 10 positions to the Office of the Medicaid Inspector General to eliminate duplicative oversight and management functions, and a reduction of the number of audits conducted by outside firms;
- \$1,291,000 by further consolidating administrative functions in Developmental Disabilities Services Offices and eliminating 25 positions related to business office and human resource functions, and community planning activities; and
- \$666,000 by restructuring the Medicaid Service Coordination (MSC) program by transferring most service delivery responsibility to the not-for-profit sector, eliminating 13 State positions, and other programmatic reforms.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$2,369,296,000, a net increase of \$178,313,801 or 8.1 percent above the SFY 2009-10 level.

Proposed Increases

The Executive proposes:

- \$51,702,000 for costs associated with a 3.08 percent Medicaid Trend, retroactive to April 2009;
- \$44,600,000 for the development of new and prior year residential opportunities through the children's residential placement program, and New York State Creating Alternatives in Residential Environments and Services (NYS-CARES), including 510 new residential opportunities through NYS-CARES;
- \$35,014,000 for the restoration of one-time savings actions taken in the SFY 2009-10 Deficit Reduction Plan;
- \$32,998,000 for costs associated with a 2.08 percent Medicaid Trend, effective April 2010;
- \$21,998,000 for costs associated with a sixth installment of a health care enhancement to incentivize OMRDD providers to improve healthcare benefit packages for their employees;
- \$10,500,000 for 890 new Day Services opportunities;
- \$8,200,000 for family support services; and
- \$7,000,000 for at-home residential habilitation services.

Proposed Decreases

The Executive proposes the following reductions:

- \$12,500,000 related to a three percent rate reduction for Individualized Residential Alternatives (IRAs);
- \$7,500,000 related to proposed reforms to Medicaid Service Coordination;
- \$5,000,000 by eliminating non-core services from 100 percent State aid contracts;

- \$4,900,000 through managed delays in the development of 66 community beds;
- \$2,300,000 related to an acceleration of a four percent rate reduction for Day Habilitation; and
- \$640,000 through family care auspice change.

Capital Projects

The Executive proposes an All Funds Capital Projects appropriation of \$139,560,000, a net increase of \$12,245,000 or 9.62 percent above the SFY 2009-10 level.

The Executive proposes:

- an increase of \$20,260,000 in bonded appropriation need for prior year investments to expand available community residential opportunities to support the deinstitutionalization of individuals residing in developmental centers; and
- an increase of \$955,000 in hard dollar and bonded appropriation for minor maintenance funding for essential health and safety related projects.

The Executive also proposes a decrease of \$8,015,000 in hard dollar need by delaying non-critical rehabilitation projects.

Article VII

The Executive recommends Article VII legislation that would:

- extend for four years current social worker and mental health professional licensing exemptions for programs operated, regulated, or funded by OMRDD;
- authorize the elimination of the Human Services cost-of-living adjustment (COLA) for SFY 2010-11, maintain the COLA in the remaining out years and extend the COLA for an additional year to March 31, 2014;
- clarify the role of facility directors as representative payees and the use of Federal entitlement benefits in accordance with Federal laws and regulations;
- authorize the elimination of enriched funding for Unified Services; and
- amend Mental Hygiene law in relation to payments made by the Office of Mental Health and OMRDD to family care homes.

COMMISSION ON QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

	Adjusted Appropriation 2009-10	Executive Request 2010-11	Change	Percent Change
AGENCY SUMMARY				
General Fund	5,873,000	5,636,000	(237,000)	-4.0%
Special Revenue-Other	4,438,000	4,663,000	225,000	5.1%
Special Revenue-Federal	7,274,000	8,345,000	1,071,000	14.7%
Enterprise	45,000	45,000	0	0.0%
Total for AGENCY SUMMARY:	17,630,000	18,689,000	1,059,000	6.0%

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

Fund	Current 2009-10	Requested 2010-11	Change
General Fund:	48	43	(5)
All Other Funds:	55	58	3
TOTAL:	103	101	(2)

Agency Mission

(Executive Budget: pp. 157-163)

The Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) was created by the merger of the Commission on Quality of Care for the Mentally Disabled with the Office of Advocate for Persons with Disabilities on April 1, 2005. The Commission promotes community outreach, provides information, referral and advocacy services, and administers the Surrogate Decision Making Committee Program which acts on behalf of persons in the mental hygiene system who are not competent to make medical care decisions for themselves. In addition, CQCAPD provides independent oversight of the three mental hygiene agencies: the Office of Mental Health (OMH), the Office of Mental Retardation and Developmental Disabilities (OMRDD) and the Office of Alcoholism and Substance Abuse Services (OASAS). It also investigates allegations of abuse or mistreatment and any reports of injuries or deaths of persons served within the mental hygiene system.

This agency is included in the Health and Mental Hygiene appropriation bill.

Budget Detail

The Executive proposes an All Funds appropriation of \$18,689,000, a net increase of \$1,059,000 or six percent above the State Fiscal Year (SFY) 2009-10 level. The Executive projects a staffing level of 48, a decrease of two full-time equivalent (FTE) positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$18,041,000, a net increase of \$1,182,000 or 7.01 percent above the SFY 2009-10 level.

Proposed Increases

The Executive proposes the following:

- a net increase of \$1,591,000 related to negotiated salary increases and inflationary increases and other adjustments in non-personal service, and annualization adjustments; and
- an increase of \$331,000 for an appropriation adjustment to align Federal grant appropriations with the State Fiscal Year.

Proposed Decreases

The Executive proposes the following:

- a decrease of \$414,000 related to fringe and indirect re-estimates, technical adjustments, reduction of non-personal service growth and conference attendance, and savings from Voluntary Reduction of Work Schedule (VRWS);
- a decrease of \$165,000 by eliminating two positions: one within the Interagency Council for Services to Persons who are Deaf, Deaf-Blind, or Hard of Hearing, and one related to the Special Housing Unit (SHU) legislation; and
- a decrease of \$161,000 in savings resulting from collective bargaining actions.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$648,000, a decrease of \$123,000 or 15.95 percent below the SFY 2009-10 level, related to contract reductions.