



**Testimony before the Joint Fiscal Committees
on the SFY 2017–18 Executive Budget
Health/Medicaid Budget Hearing
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Schuyler Center would like to thank the chairs and members of the respective committees for the opportunity to submit our testimony on the 2017–2018 New York State Executive Budget. The Schuyler Center is a 145-year-old statewide, nonprofit organization dedicated to providing policy analysis and advocacy in support of public systems that meet the needs of disenfranchised populations and people living in poverty. Schuyler Center often works in areas that fall between multiple systems, including physical health and mental health; child welfare; human services; and early childhood development.

Schuyler Center is part of the leadership team for Medicaid Matters New York, a coalition that advocates on behalf of Medicaid members *and* Health Care for All New York, a coalition dedicated to affordable high-quality insurance for all New Yorkers. Kate Breslin, Schuyler Center President and CEO, participates in several of the State’s Medicaid and health-oriented advisory bodies, including the Value-Based Payment Workgroup, Delivery System Reform Incentive Payment Program Project Approval and Oversight Panel, Medicaid Evidence-Based Benefit Review Workgroup and the Governor-appointed Behavioral Health Services Advisory Council. For more about Schuyler Center and our work, please visit our website www.scaany.org

PLANNING IN THE CONTEXT OF FEDERAL UNCERTAINTY

As we sit here today, there is much uncertainty as to the scope of potential changes to the Affordable Care Act, Medicaid and the Child Health Insurance Program under the new administration and Congress. Like you, advocates are carefully studying news and reports emanating from Washington trying to figure out what might become policy and potential impacts on real people. The rhetoric around cuts to funding and benefits in important health programs causes us grave concern. The impact of radical restructuring of Medicaid and other health programs will fall most heavily on our most vulnerable families and on the health care infrastructure that serves them. Innovations in care delivery, quality improvement, data systems, and innovative financing strategies are all at-risk.

The Executive Budget contains recurring language that would allow the Executive extremely broad powers to reduce funding for specific programs if federal funding is less than what is assumed in the financial plan. *We strongly believe that the Legislature – as well as community members, providers and advocates – must be engaged in decisions about how to protect people and programs.*

PUBLIC HEALTH

Increase State Funding for Evidence-Based Maternal, Infant and Early Childhood Home Visiting

The Executive Budget includes \$26.3 million for maternal, infant and early childhood home visiting. We urge the Legislature to increase State investment in home visiting to \$36.3 million to maintain existing programs and expand services to more families.

Specifically:

- Maintain the Executive's \$23.3 million in funding for **Healthy Families New York** (HFNY) and **add \$4.5 million** (\$27.8 million total) in new funding to restore the program to 2008 funding levels, expand services to unserved areas (\$700,000) and support one currently unfunded site (\$300,000).
- Maintain the Executive's \$3 million in funding for **Nurse-Family Partnership** (NFP) and **add \$3 million** to preserve current program sites (\$500,000) as well as to support growth in new communities and/or expand existing teams (\$2.5 million), such as 75 family slots in the greater NYC area and 375 family slots in Upstate counties.
- **Add \$491,000** to expand **Parents as Teachers** (PAT) services to families in Broome, Chautauqua, and Westchester Counties, supporting services for an additional 120 families and initiating a local, quasi-experimental outcomes study. The total commitment for this project over three years is \$1.4 million.
- **Add \$2 million** in new funding for the **Parent-Child Home Program, Inc.** to expand capacity to 300 additional families across the state.

The additional funding above is insufficient to meet the statewide need for home visiting (see data regarding need by county at scaany.org), but will strengthen the home visiting infrastructure in areas of need.

Maternal, infant and early childhood home visiting has emerged across the nation as a promising and proven way to engage new and expecting parents and their children with services that support the family and lead to positive health and other outcomes – and public cost savings – in the short-, medium-, and long-term.

The Schuyler Center coordinates the statewide Home Visiting Workgroup, composed of child welfare, health and education advocates, and home visiting programs. The Workgroup engages in research and analysis and makes recommendations about how the State can expand and better coordinate home visiting and other services proven to improve outcomes for at-risk young families.

Funding for the Healthy Families NY program has been flat for the past nine years and the Executive Budget continues that funding level for another year. A recent survey of programs confirms that continued flat funding is resulting in an erosion of services and staff reductions at home visiting programs that have either not been able to keep up with cost increases or have suffered because of funding instability. An additional appropriation of \$4.5 million will stabilize and increase capacity at existing sites and provide needed workforce development and service enhancement (mental health, fatherhood initiatives and community coordination). It will also allow for some additional expansion to unserved areas.

The Executive Budget continues the \$3 million in funding for the Nurse-Family Partnership (NFP) program that was included in last year's budget proposal. NFP serves 11 counties across the state, including parts of New York City. It is a program that gets results: stronger, healthier moms; healthier kids; and long-term savings to localities and the State in health, social service and even criminal justice costs. Flat funding makes it harder for programs to continue offering existing services and precludes expanding services to reach even more families.

Because each program approaches home visitation with a specific focus and specific enrollment criteria, no one program can individually meet all the needs present in a community. Instead, the programs work together to ensure that all families who need services have access to the program or programs that are most appropriate for each family. Investing in home visiting programs can strengthen New York's families and save the State in health, education and social services spending down the road.

In addition to HFNY and NFP, there are other successful home visiting models that support and strengthen families. The Executive Budget does not include funding for other evidence-based home visiting programs, such as Parents as Teachers or for promising practice programs such as Parent-Child Home Program. Both of these programs operate in New York but need State funding to expand existing services and eliminate waiting lists.

Reject Reduction to and Consolidation of Public Health Programs

The Executive Budget contains language that consolidates and cuts dozens of public health appropriations. Each of the consolidated 'pools' (disease prevention and control, maternal and child health, workforce, health outcomes and advocacy) would be subject to a 20% reduction, for savings of \$24.59 million. Schuyler Center urges the Legislature to reject the Executive's proposal to consolidate and reduce public health programs and funding.

There is no clear rationale for the Governor's proposal.

Public health is a vital government function and addresses government's responsibility for keeping residents and communities safe and healthy. Changes or cuts to public health programs should be carefully considered and done strategically and surgically with an understanding of the expected result. Schuyler Center is concerned about the cumulative impact of block granting and cutting funding for vital public health services. At a time when the State is recognizing the impacts of and costs associated with the social determinants of health and population health on the overall cost and quality of health care, public health programs that have been shown to prevent or mitigate disease should be strengthened, not cut. Public health and prevention have a central role as the State engages in activities to achieve the Triple Aim: better care for individuals, better health for populations, and lower costs.

General Public Health Work (GPHW) / Article VI Public Health Funding

The Executive Budget maintains the existing General Public Health Work (also known as Article VI Public Health funding) base grant to localities and state aid percentage, with the exception of funding to New York City, for which the Executive proposes a reduction from 36% to 29%, generating a State savings of \$11 million. Schuyler Center urges the Legislature to reject reductions to GPHW and rather, increase funding to local health departments.

Specifically:

- Increase the base grant for local health departments to \$750,000 for full-service health departments/ \$650,000 for partial service health departments;
- Increase the per capita rate from 65 cents to \$1.30 per resident; and
- Increase the beyond base grant reimbursement rate from 36% to 38%.

State funding under Article 6 decreased by more than 40% between 2011 and 2015. Without a change in the formula, local public health will continue to experience reduced capabilities. GPHW funding to local health departments is the fiscal foundation that enables local health departments to prevent, prepare for, and respond to public health needs and priorities. These include concerns such as Legionnaires' disease, Ebola, measles, pertussis and other communicable disease outbreaks, the heroin epidemic, insect-borne diseases such as Zika, Lyme disease and West Nile Virus. Funds also go to prevent or reduce incidence of the major causes of death from chronic disease such as heart disease, diabetes, asthma, and cancer. Year after year of flat funding, together with localities' limited ability to leverage new funding, compromises the capacity of local governments to ensure the provision of core activities that protect the public's health. Local health departments are losing staff through lay-offs and attrition, reducing staff time by cutting work hours or imposing furloughs, and eliminating programs.

Community Water Fluoridation

The Executive Budget includes a re-appropriation of funds for communities to repair, upgrade, or purchase fluoridation equipment. This re-appropriation allocates the remainder of the \$10 million Drinking Water Fluoridation Fund (DWF) authorized over the past two years. The Schuyler Center urges the Legislature to support the Executive Budget policy to improve children's oral health in a cost-effective way, by approving the re-appropriation of the Drinking Water Fluoridation Fund so communities can repair, upgrade, or purchase fluoridation equipment.

We appreciate the Legislature's support for creation of the DWF and seek your support for this re-authorization. Tooth decay is a disease and unless it is prevented, it must be treated. As a disease, it brings with it innumerable costs: in pain, in lost time away from school and work, and in health care spending. This is why the New York State Department of Health has made the reduction of tooth decay among children a centerpiece of its 2013-2017 Prevention Agenda.¹

A 2010 study done by the New York State Department of Health revealed that low-income children covered by Medicaid in less fluoridated counties of New York needed 33% more fillings, root canals and tooth extractions than those in counties where optimally fluoridated water was available.² As a result, over the 12 month period of the study, the treatment costs per child covered by Medicaid were \$23.65 higher per person for those living in less fluoridated counties.³

As beneficial as community water fluoridation is, there are large areas of New York State that do not yet adjust fluoride to the optimal levels to prevent cavities. Outside New York City, fewer than 50% of New York residents on community water systems are receiving fluoridated water. A study modeling practices in New York to prevent oral disease found that raising the share of children outside of New York City who have access to fluoridated water from 49% to 87% has the potential to save the State Medicaid program \$27.7 million over ten years by reducing the need for fillings and other dental treatment. This strategy could save \$6.13 for every dollar spent.⁴

There are numerous preventive health strategies to help address the issue of tooth decay and save the State health care costs, but community water fluoridation is the most effective and offers the largest return-on-investment of any public health effort. By reducing the need for fillings and tooth extractions, fluoridation saves money for families and taxpayers.

DELIVERY SYSTEM AND HEALTH PLANNING

Support the Health Care Regulation Modernization Team with Modifications

The Executive Budget proposes creation of the Health Care Modernization Team to advise the Governor regarding a “fundamental restructuring of the statutes, policies and regulations that govern the licensure and oversight of health care facilities and home care.” The Schuyler Center supports this endeavor with the following additions/modifications:

- At least 20% of the Team’s membership should be designated for representatives of consumer health advocacy organizations, and no team subgroups should be constituted without consumer representatives.
- Agency representatives, providers, and consumer/family advocates from the intellectually and developmentally disabled sector should explicitly be included.
- Individuals/organizations with child and adolescent health expertise should explicitly be included; Medicaid provides coverage for 41% of New York’s children and children make up 37% of the Medicaid-covered population.

Health Care Facility Transformation and Safety Net Community-Based Health Care Providers

The Executive Budget proposal includes \$500 million for Health Care Facility Transformation, for capital and other purposes for essential health care providers, with a minimum of \$30 million to be available to community-based health care providers who demonstrate that they would fulfill a health care need for acute inpatient, outpatient, primary, home care or residential health care services in a community. The Schuyler Center recommends that at least 25% of the \$500 million (\$125 million) be allocated specifically to safety net community-based health care providers, including FQHCs, behavioral health, and family planning, to support their ongoing participation in transformation efforts.

As the State undertakes major health system transformation, aiming to reduce unnecessary hospitalizations in part through more and better primary care and community-based behavioral health care, investment in those historically under-resourced providers is essential. While the Delivery System Reform Incentive Payment (DSRIP) program envisions integrated regional networks inclusive of community-based providers, the flow of funds to date in many communities has not reached community-based providers.

HEALTH INSURANCE COVERAGE

Consumer Assistance for Health Insurance

Schuyler Center urges the Legislature to support the \$2.5 million appropriation in the Executive Budget and add an additional \$2.25 million to ensure that the final budget includes a total of \$4.75 million to keep the Community Health Advocates program robust.

The Governor's proposed budget contains \$2.5 million for the Community Health Advocates (CHA) program. Let's face it—the health care and insurance industries are not easy to understand. They often use terms that people are not familiar with (premiums, co-pays) and rules (out-of-network, denial of care) that seem daunting. Using a central, toll-free helpline as well as community and small-business serving agencies, the CHA program helps New Yorkers understand, use and keep their health insurance. The CHA program also helps consumers resolve problems with insurance billing regardless of the type of insurance coverage. Since 2010, CHA has helped nearly 281,000 New Yorkers and saved over \$21 million for consumers around the state.

The CHA program requires \$4.75 million to support activities in localities that are currently underserved, enhance its small business services, and allow the program to meet increasing demand from the hundreds of thousands of New Yorkers who are newly insured.

Helping New Yorkers understand their rights and how to use the health care delivery system will decrease reliance on emergency care services and increase use of preventive care so they can get the care they need at the right time and from the right place.

The Essential Plan

Schuyler Center urges the Legislature to reject the Executive's proposed monthly premium payments for very low-income Essential Plan enrollees between 138 percent and 150 percent of the federal poverty level contained in the Executive Budget.

The Essential Plan provides low-cost or free health coverage to people who have incomes that are too high to be eligible for Medicaid, but too low to afford private coverage. People at the highest eligibility level currently pay \$20 per month in premiums and have no deductible. The Governor's budget lowers the threshold at which people would be required to pay the \$20/month premium from 150% of the federal poverty level to 138% of the federal poverty level. The proposal would also increase the premiums every year based on the medical consumer price index.

Even small increases in premiums can lead to people forgoing insurance. Additionally, the medical consumer price index rises faster than wages. If this continues, as it is likely to do for the foreseeable future, enrollees will quickly find themselves unable to absorb the additional premium costs.

Health Care Reform Act (HCRA) and Funding to Cover Uninsured Visits

The Governor's Budget proposes reauthorizing the Health Care Reform Act (HCRA) through 2020. One of the components of HCRA is funding for the Hospital Indigent Care Pool. HCRA reauthorization offers a great opportunity to rationalize the Hospital Indigent Care Pool distribution formula so that funds are distributed to safety net providers to cover actual care provided.

BEHAVIORAL HEALTH

Children's Behavioral Health

The Executive Budget proposal finds savings in the delay of implementation of certain enhanced children's behavioral health care services (\$7.5 million unspent in SFY 2016-17 and \$10 million that will not be spent in 2017-18) that will be covered by Medicaid. *The Schuyler Center recommends that these funds, \$17.5 million, be invested in building the capacity of the child-serving behavioral health care system.*

Medicaid provides coverage for 41% of New York's children and children make up 37% of the Medicaid-covered population. Utilization data compiled by the United Hospital Fund shows that behavioral health conditions drive a high volume of inpatient hospitalizations among teenagers and older adolescents.⁵ Up to 12% of adolescents meet the full diagnostic criteria for depression, yet 60% to 80% do not receive appropriate care.⁶ The capacity of our child-serving behavioral health system is limited, with long wait times and high variability by geography. At a recent Medicaid Matters NY meeting, a parent of a child with significant behavioral health care needs reported that her child was on a waiting list for more than a year before getting mental health care services; her experience is not unique. Delivery system reform and investment in integrating primary and behavioral health care offer exciting opportunities to dramatically improve the quality and capacity of behavioral health care for children and adolescents in New York State but there needs to be a significant increase in capacity.

Transition of Adult Home Residents with Psychiatric Disabilities into Community Settings

The Executive Budget continues the \$38 million in funding for education, assessments, training, in-reach, care coordination, and supported housing for adult home residents with mental illness and \$6.5 million in funding for the Enhancing the Quality of Adult Living (EQUAL) program. *The Schuyler Center urges the Legislature to support the Executive Budget funding for services and supported housing for mentally ill adult home residents and full funding for the EQUAL program.*

For many years, Schuyler Center has worked with other advocates for improved housing options for persons with psychiatric disabilities living in adult homes. Adult homes were originally intended for elderly individuals, but today nearly 40% of adult home residents have a psychiatric diagnosis.

People with mental illness may be referred to adult homes because other housing alternatives, especially those licensed and funded by the Office of Mental Health, are unavailable when they require housing or are not appropriate for their circumstances. Even when an adult home does not provide the right type of supportive environment, it is often difficult for an individual to find a more appropriate housing situation. Some residents have waited years for the opportunity to live in settings more appropriate to their needs.

The Executive Budget continues the \$38 million in funding for the development of supported housing for adult home residents. This is part of a settlement between New York State and the federal government, which requires that New York reduce the census of persons with psychiatric disabilities in adult homes. We are encouraged that the rate of residents moving to

new housing options has begun to accelerate and the State has been responsive to the concerns of residents and advocates. We will continue to press for further streamlining of the process but are encouraged that progress has been made in the past year.

The Executive Budget also continue \$6.5 million in funding for the Enhancing the Quality of Adult Living (EQUAL) program. EQUAL funding helps support the needs of residents living in adult homes and improves their quality of life. This funding has been utilized to pay for air conditioners in rooms for residents, resident clothing, non-Medicaid transportation, facility repairs, staff training and other expenses. The funding has also been utilized to help develop the life skills necessary for adult home residents when they do ultimately transition into community housing.

Thank you. We appreciate the opportunity to testify and look forward to continuing to work with you to build a strong and healthy New York that cares for its most vulnerable residents.

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¹ New York State Department of Health, “New York State Prevention Agenda: Promoting Healthy Women, Infants and Children Action Plan”, 2013, Accessed January 29, 2014 from https://health.ny.gov/prevention/prevention_agenda/2013-2017/docs/healthy_women_children_infants.pdf

² Kumar J.V., Adekugbe O., Melnik T.A., “Geographic Variation in Medicaid Claims for Dental Procedures in New York State: Role of Fluoridation Under Contemporary Conditions,” Public Health Reports, (September-October 2010) Vol. 125, No.5, 647-54.

³ Public Health Reports (November-December 2010), Vol. 125, p. 788 (<http://www.publichealthreports.org/>)

⁴ Presson S, Kumar J, Williams K. Public-Private Partnership to Plan ECC Interventions. Applications of Systems Dynamic Modeling for Prevention of Early Childhood Caries in New York State. Presented at the National Oral Health conference, Fort Worth, TX 2014.

⁵ Understanding Medicaid Utilization for Children in New York State, United Hospital Fund, July 2016.

⁶ Access to Care for Youth in a State Mental Health System: A Simulated Patient Approach; Journal of the American Academy of Child and Adolescent Psychiatry; May 2016