



**Testimony before the Joint Fiscal Committees
on the SFY 2015–16 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 2015-2016 New York State Executive Budget. Schuyler Center is a 143-year-old statewide, nonprofit organization dedicated to providing policy analysis and advocacy in support of public systems that meet the needs of people in poverty. Schuyler Center often works in areas that fall between multiple systems of care including physical, health, and mental health; child welfare; human services; and early care and learning.

Schuyler Center is part of the leadership team for Medicaid Matters New York, a coalition dedicated to advocating on behalf of Medicaid members *and* Health Care for All New York, a coalition of 160 organizations dedicated to assuring all New Yorkers have affordable high-quality insurance. Kate Breslin, Schuyler Center President and CEO, participates in several of the State's Medicaid and health-oriented advisory bodies, including Medicaid Evidence-Based Benefit Review Workgroup, Value-Based Payment Workgroup, Delivery System Reform Incentive Payment Program Project Approval and Oversight Panel, the Basic Health Program Advisory Committee and the Governor-appointed Behavioral Health Services Advisory Council. For more about Schuyler Center and our work, please visit our website www.scaany.org

Public Health

The Healthy Teeth Amendment

Schuyler Center applauds Governor Cuomo for proposing a policy that will ensure public notice when a community considers eliminating community water fluoridation and provide funding for communities that need to repair, upgrade, or purchase fluoridation equipment. We are calling these provisions the *Healthy Teeth Amendment* for their potential to greatly improve the oral health of New Yorkers.

Community water fluoridation is, far and away, the single most cost-effective way to improve oral health, especially for children in poverty.

The Governor's proposal is a beautiful marriage of smart, cost-saving public health and good open government. The new policy will allow community residents to be informed if their government considers a policy change that will negatively affect their health. The proposal continues local control of water districts, but improves the transparency and accountability of their decision making, since it can have a significant impact on the public's health.

Schuyler Center convenes a statewide Oral Health Leadership Team composed of pediatric and dental professionals, child advocates, and local representatives, which recommended this proposal.

Their report with policy recommendations, *The Power of Prevention, The Potential for a Generation of Cavity Free Kids*, was delivered to your offices last week.

Healthy teeth are essential for overall good health. However, tooth decay remains the most common chronic childhood disease in America. It is also a condition of poverty. In New York State, one in four 3rd graders has untreated decay.¹ Children from low-income families are more likely to have untreated decay than their more affluent peers. Approximately one in three (32%) low-income children have untreated tooth decay, while 15% of children living in higher income settings have untreated decay.²

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.³

Protecting and expanding access to fluoridated water is one proven strategy that benefits New Yorkers of all ages. Water fluoridation, the practice of adjusting the level of naturally occurring fluoride to the optimal level, is the single most effective and least expensive way to reduce decay for both children and adults. Fluoridated water has been shown to reduce tooth decay by about 25% over a person's lifetime.⁴

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.⁵ 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.⁶ For example, in Albany County, with 26,076 children covered by Medicaid, an estimated \$200,000 in treatment cost savings over 12 months would be realized if the county water systems were optimally fluoridated. This conservative estimate uses the current rate of dental visits for children covered by Medicaid, which is only 35%.⁷ The estimate does not take into account the longer-term and non-financial impacts and savings accrued to adults.

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 recent 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 10 years by reducing the need for fillings and other dental treatment. This strategy could save \$6.13 for every dollar spent.⁸ Increasing the percentage of residents on community water systems receiving optimally fluoridated water is also a goal of the 2013-2017 Prevention Agenda.

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.

The Schuyler Center urges the Legislatures to enthusiastically support the Executive Budget policy to improve children's oral health in a cost-effective way, by requiring public notice when a community considers eliminating community water fluoridation and authorizing a \$5 million fund for communities that need to repair, upgrade, or purchase fluoridation equipment.

Strengthen and Expand Evidence-Based Maternal, Infant and Early Childhood Home Visiting

Maternal, infant and early childhood home visiting has emerged across the nation as a promising 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.

In fiscal year 2007-08, New York State’s budget included \$25.2 million for the Healthy Families New York (HFNY) Home Visiting Program. In 2008-09, the financial crisis led to an 8% reduction for HFNY to \$23.3 million, a reduction that has never been restored, despite the program’s documented success and significant community need. Funding has been held at \$23.3 million for six years and the Executive Budget continues that funding level for an eighth year. A survey of programs completed in 2013 by Prevent Child Abuse New York found that this 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. Continued flat-funding will continue to erode the number of families served and the intensity and quality of services.

Schuyler Center appreciates that the Executive retains funding for the Nurse-Family Partnership (NFP) program which was not included in previous Executive Budgets. NFP is an evidence-based home visiting program serving parts of New York City, Monroe and Onondaga counties, and Chautauqua County. It is a program that gets results: stronger, healthier moms, healthier kids and long-term savings to the locality and the State in health, social service and even criminal justice costs.

In addition to HFNY and NFP there are other successful home visiting models that communities use to support and strengthen families. The Legislature should include funding for additional proven and promising home visiting programs to expand the reach of services and address the diverse needs of communities across the state.

Schuyler Center urges the Legislature to support home visiting programs and infrastructure by:

- *Adding \$3.5 million to restore Healthy Families New York to the 2007-2008 funding level and provide for inflation.*
- *Add \$2 million to NFP funding.*
- *Add \$2 million for home visiting programs that demonstrate promising practices such as Parent-Child Home Program and Parent as Teachers.*

Consolidation of Public Health Programs

The Executive Budget contains language that consolidates various public health appropriations into ‘pools’ (chronic disease, maternal and child health, infectious disease, workforce, health outcomes and advocacy) with 15% reductions for each pool.

Public health is a central government function and addresses government’s responsibility for keeping residents 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 in promoting community and individual

health and should be considered partners as the State engages in activities to achieve the Triple Aim, better care for individuals, better health for populations, and lower costs.

Schuyler Center urges the Legislature to reject the Executive's proposal to consolidate and reduce by 15% public health programs and funding.

Health System Transformation

Population Health Improvement Program (PHIP)

Schuyler Center appreciates the commitment Governor Cuomo and the Legislature have made to regional health planning. Regional planning has the potential to improve efficiency and effectiveness in health care, bringing together stakeholders to create and transform health care delivery systems at the local and regional levels and address a spectrum of health concerns – prevention, access, cost, quality, and population health.

Last year's budget included an investment in regional planning and authorized the Department of Health to establish regional health improvement programs statewide to bring together key stakeholders to help transform the regional health care systems and address issues of prevention, access, cost, quality, and population health.

Schuyler Center urges the Legislature to support the Executive Budget request for \$13.5 million to support this work which will improve the efficiency and effectiveness of the State's health care system and to better engage community members in community health planning.

Value-Based Payment

The Governor's proposed budget authorizes the Commissioner of Health to approve value-based payments for managed care plans, performing provider systems as designated under the Delivery System Reform Incentive Payment Program (DSRIP), or a subset of providers participating in a performing providing system to other providers that participate. Moving toward a value-based payment system is a cornerstone of the Medicaid Redesign effort to drive the health care delivery system toward a focus on quality and away from visit volume.

Payment is one of the tools the State can use to shape and impact the health care delivery system but we will only know if the State is using the tool appropriately if there is an effort to identify what the State wants to change and how, track who receives payment, how much and for what purpose, and the specific outcomes on the health care system and patients.

The Department of Health has established a Value-Based Payment Workgroup, in which Schuyler Center participates. The workgroup is one good way for the State to begin exploring the development and utilization of value-based payments. Going forward, the State should seek opportunities to more deeply incorporate the perspectives of additional community-based health and social service providers, including behavioral health providers, consumer advocates and, when possible, consumers. Value-based payments must be able to support vital ancillary services which will likely come from outside the traditional medical care sector, but contribute to the improved health quality the State is trying to attain. These payments must also factor in issues important to consumers, such as timely access to care and experience of care.

Finally, the State should develop mechanisms to account for a number of outcomes: 1) How the payment flows to all providers –including DSRIP performing provider systems – and any subset of

providers, including social service providers, 2) How value-based payment impacts access to community-based providers, quality of care and timely access to care, and 3) Whether value-based payments achieve their intended objective to move New York toward achieving the ‘Triple Aim.’

Payment is one of the tools that can inform and shape the delivery care system and value-based payment is an opportunity to build a more patient-focused and centered system that builds in accountability to consumers.

Schuyler Center supports the development of value-based payments with the caveat that the development of payment methodologies are transparent and inclusive of the input of consumer advocates and safety net providers, including behavioral health care.

Managed Care Transition

The State is in the midst of undertaking initiatives that transitions Medicaid members fully into managed care. There are many laudable goals that support this undertaking but it must be done carefully and in a way that it does not unravel the very services on which vulnerable children, youth and adults rely.

Many, if not most, of the providers that have traditionally cared for vulnerable populations have business models based on the fee-for-service payment system. Many are already operating under budget deficits and are facing significant financial instability. Many providers, especially outside of the traditional physical health provider community, do not have managed care contracts and lack information technology systems (Electronic Health Records for example) that allow them to be actively connected to the larger health and social service system.

The State must make *strategic* investments to assure that community providers have resources to develop and strengthen infrastructure – purchase and develop health information systems, purchase technical assistance to redesign their business model and implement administrative and workforce changes, including staff training and development – to assure they operate in the changing environment and continue to serve their patients.

The Governor’s Executive Budget proposes funding to support this transition including securing vital access providers and technical assistance. Schuyler Center urges the Legislature to support these investments but to also remain diligent in monitoring how this money is spent and the impact this transition will have on vulnerable populations, especially children and adults with behavioral health issues problems.

Schuyler Center supports funding to support behavioral health transition to managed care.

Support \$20 million to Transition Foster Care Children and Youth to Medicaid Managed Care

The Governor’s proposed budget includes up to \$20 million for voluntary foster care agencies to support the transition of children and youth in foster care to managed care. The money will support voluntary agencies to prepare for the transition of foster care youth into Medicaid managed care including to help access training and adoption of health information technology.

In the coming year, the Department of Health will cease to provide Medicaid funding directly to foster care agencies via their foster care rates and will instead require that services be paid for through contracts with managed care organizations. Voluntary foster care agencies are responsible for

assuring children and youth in their care receive medical, dental and behavioral health services and the transition to Medicaid managed care requires substantial systemic changes for these agencies that serve some of New York's most vulnerable children, youth, and families.

There are over 20,000 children and youth in foster care in New York State and about 30,000 children and youth touch the foster care system each year. Foster care youth have diverse and complicated medical and behavioral health needs. The transition to managed care must assure that children and youth have access to medical, dental and behavioral health services and robust care coordination.

Foster care agencies' rates have been frozen for several years. While some foster care agencies provide health care services and have developed significant health expertise, foster care agencies have limited experience negotiating contracts with managed care plans or service providers, or using and maintaining health information technology (IT) systems. Resources are needed to purchase health infrastructure, including systems that support electronic health records, assess readiness infrastructure and staff training. There will also need to be an extensive collecting of data on service utilization patterns to determine payment models that will support the comprehensive, medical, dental and behavioral health services required by children and youth. It will be important for the State to assure that this funding is used by foster care agencies to develop the infrastructure needed so that children and youth experience minimal disruption of health services and that agency systems and staff are prepared to truly manage the complex needs of this vulnerable and often ignored population.

Schuyler Center urges the Legislature to support the Executive Budget's \$20 million to ensure that the transition of foster care children and youth into Medicaid managed care enhances care and services.

Health Insurance Coverage

Affordable Care Act Implementation

Schuyler Center applauds New York State for its strong start in the implementation of the Affordable Care Act. New York State's Marketplace, New York State of Health, has enrolled well over a million New Yorkers into health insurance. Schuyler Center strongly supports many of the Governor's budget initiatives which provide stable and broad-based funding for the Exchange and will improve consumer protections and coverage including the implementation of the Basic Health Program, and continued assistance to help consumers navigate the health insurance market and use their insurance once they have it.

New York State of Health

The Governor's Executive Budget includes a surcharge on private health insurance premiums on coverage inside and outside the New York State of Health to support the Exchange. This broad-based funding aims to ensure that costs of the State's coverage expansion are borne widely. A surcharge on plans that offer products within and outside the Exchange is an equitable way to ensure the Exchange has reliable funding.

Schuyler Center urges the Legislature to accept the Governor's proposal to ensure the Exchange has a reliable funding source.

Basic Health Program

The Governor's Executive Budget includes \$35.7 million in funding for the implementation of a Basic Health Program (BHP), an option afforded to states under the Affordable Care Act. A BHP is for adults between 133% and 200% of the federal poverty level, including lawfully present immigrants up to 200% of the federal poverty level. Low- to moderate-income adults who do not qualify for Medicaid may still find health insurance costs prohibitive, even with subsidies. Assuring this population an affordable high-quality insurance option benefits individuals and the State.

Implementation of the BHP is important for families. We know when parents have coverage, children are more likely to get the care they need. New York's Child Health Plus program covers children up to 400% of the federal poverty level resulting in many parents going without insurance even when their children have insurance. A BHP would help close this family coverage gap assuring that low-income parents have an affordable insurance option. We also urge the State to use State dollars to cover immigrants who do not have other coverage options.

Schuyler Center urges the Legislature to include the Governor's proposed funding for the implementation of the Basic Health Program in the final budget and to use State dollars to cover undocumented immigrants: it is in the best interests of low-income New Yorkers and the State's fiscal health.

Consumer Assistance

The Governor's proposed budget includes \$2.5 million for consumer assistance programs that help New Yorkers get and use health insurance. The health care and insurance industry is not easy to understand; often using terms that people are not familiar with (premiums, co-pays) and rules (out-of-network, denial of care) that seem daunting. Consumer assistance not only helps individuals and families enroll in insurance but also helps them understand and use the insurance they have.

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. This is such an important service that New York was able to get federal money to fund this service, but that money has now expired. The \$2.5 million appropriation is essential, but is not enough to assure statewide consumer assistance.

Schuyler Center urges the Legislature to match the Governor's appropriation to assure the final budget includes a total of \$5 million to keep the Community Health Advocates program robust.

Child Health Plus

The Governor's proposed budget includes provisions that align Child Health Plus (CHP) reimbursement rates for ambulatory behavioral health with current Medicaid reimbursement standards. This is an important step in assuring children's behavioral health services are comparably reimbursed and is also important as the State builds more community behavioral health capacity especially for children and youth.

Of note, Child Health Plus is a successful health insurance program serving children up to 400% of the federal poverty level and a key reason why New York is a leader at insuring children. Congressional action is needed this year to reauthorize the Children's Health Insurance Program and we urge our state elected officials to let Congress know how important it is for New York to have Congress reauthorize CHIP expeditiously.

Schuyler Center urges the Legislature to support the Governor's proposal to align reimbursement rates for ambulatory behavioral health with Medicaid reimbursement standards. We also urge Legislators to urge Congress to reauthorize Child Health Plus for four years.

Behavioral Health

Support Transition of Adult Home Residents with Psychiatric Disabilities into Community Settings

The Executive Budget includes funds for supportive housing services for adult home residents. For many years, Schuyler Center has worked with other advocates for increased 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 proposal provides \$38 million 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. This will provide an additional 400 beds so residents can begin the move to more independent living. This money is long overdue and a welcome step toward improving the lives of adult home residents.

Despite the State's investments to support the transition of adult home residents the pace is too slow and the State continues to fail adult home residents, despite years of advocacy and a protracted lawsuit. Adult home residents have been waiting years for a chance to live in the community with appropriate supports. According to the Department of Health, as of January 2015, only 20 adult home residents have moved and 600 have expressed an interest in moving.

The Executive Budget eliminates the Enhancing the Quality of Adult Living (EQUAL) program for a state savings of \$3.3 million and proposes this funding be used in part to support community housing. The 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. The Chair of the adult home resident council must approve expenditures giving the resident some input into their living environment. While the EQUAL program could be improved by giving greater authority to residents, it should not be eliminated.

Schuyler Center urges the Legislature to support the Executive Budget funding for supportive housing services for adult home residents and to fully restore EQUAL. The Legislature should also hold the Department of Health to a more acceptable transition plan and timetable.

Support Reinvestment and Increased Behavioral Health Capacity

The Governor's proposed budget includes behavioral health investments that support the Medicaid Redesign Team's recommendations for behavioral health services and are tied to the State's ongoing efforts embracing managed care and redirecting resources from institutional to community-based care. New York suffers from limited community-based behavioral health care capacity across the state, so the success of these transitions hinges upon significant up-front investment in community-based behavioral health care and a rapid ramp-up. The present lack of access is particularly acute for children and adolescents.

Schuyler Center supports the Governor's Executive Budget proposal to reinvest some Medicaid savings that accrue from transitioning behavioral health programs to managed care into behavioral health services and urges the State to ensure that reinvestment is robust to shore up an under-resourced system. The transition of people with behavioral health needs into Medicaid managed care is an opportunity to strengthen and expand the access to all levels of mental health services.

The Governor's proposed budget appropriates \$13 million in savings resulting from psychiatric bed and hospital closures to expand community-based services.

Any efforts to reduce high-cost institutional utilization must include real investments into high-quality community services and safe community housing. Because current behavioral health capacity is so limited, Schuyler Center urges a significantly larger up-front investment together with a well-organized plan to ensure necessary access before further reducing institutional capacity.

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, 2012 Oral Health Surveillance Project.

² New York State Department of Health, 2012 Oral Health Surveillance Project.

³ 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

⁴ Centers for Disease Control and Prevention, Fluoridation Basics. July 25, 2013. Accessed at <http://www.cdc.gov/fluoridation/basics/>

⁵ 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.

⁶ The original figure (\$23.63) was corrected in a subsequent edition of this journal and clarified to be \$23.65. See: "Letters to the Editor," Public Health Reports (November-December 2010), Vol. 125, 788.

⁷ Kumar J.V. (Personal Communication August 27, 2014). Bureau of Dental Health, New York State Department of Health.

⁸ 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.