

OFFICE OF MENTAL HEALTH

MISSION

The Office of Mental Health's (OMH) mission is to promote hope and recovery for people with psychiatric disabilities. It is responsible for planning and operating an integrated system of mental health care that serves adults with serious and persistent mental illness and children with serious emotional disturbances. In the aftermath of the disaster of September 11th, OMH has coordinated mental health care for New Yorkers to alleviate psychological distress, promote good mental health and foster resiliency.

ORGANIZATION AND STAFFING

The Office of Mental Health is headed by a Commissioner who is appointed by the Governor. New York's public mental health system consists of programs that are operated by the Office of Mental Health, as well as community programs certified and funded by the State, but operated by local governments, and not-for-profit and proprietary providers. OMH regulates and licenses approximately 2,500 programs across the State. The combined system serves both adults who have serious and persistent mental illness and children with serious emotional disturbances who have experienced substantial problems in functioning.

OMH currently operates 28 facilities across the State, including 17 Adult Psychiatric Centers and six Children's Psychiatric Centers. In addition, OMH operates three Forensic Psychiatric Centers which serve individuals with histories in the criminal justice system and two Research Institutes. OMH will have a workforce of 17,310 for 2003-04, most of whom work directly with patients. The remainder comprises supervisors of direct care and clinical workers, administrative support and management personnel.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2003-04 Executive Budget provides funds totaling \$2.17 billion for the Office of Mental Health from General Fund, Federal and third-party resources, an increase of \$22 million, compared to 2002-03.

Budget recommendations for the Office of Mental Health will strengthen community mental health care and accountability and provide the highest quality inpatient care for people requiring such services.

Over the past eight years, the Office of Mental Health has strengthened community services while achieving greater efficiencies in the operation of its inpatient programs. The Agency has closed four psychiatric centers as well as unneeded State-operated inpatient beds at other facilities; consolidated adult inpatient care at three campuses onto one campus on Long Island; and fundamentally restructured State-operated outpatient services. Simultaneously, it has significantly expanded community housing, case management and other community services and supports for individuals with mental illness. As a result, approximately two-thirds of every dollar devoted to mental health services is now spent on community mental health care.

The recommended Budget for 2003-04 will continue this focus on community care by closing unnecessary institutional capacity and providing full funding for a number of multi-year initiatives to expand community-based services now underway. These include the Enhanced Community Services Program; Kendra's Law, with its assisted outpatient treatment and psychiatric medication grant programs; and the New York/New York II agreement and other housing development.

Since 1994-95, the Office of Mental Health has also aggressively streamlined its administrative functions at all levels of the organization — Central Office, Field Offices, facility cabinets, clinical management and outpatient services. This effort has enabled it to eliminate over 700 administrative positions with a recurring annual savings of more than \$38 million.

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OMH has also redesigned local programs for greater efficiency, maximization of Federal Medicaid reimbursement and more effective service delivery. To achieve necessary savings in 2003-04, OMH will:

- Reduce spending on unnecessary inpatient capacity;
- Institute tighter controls on staffing by eliminating funded vacancies that are no longer essential;
- Limit non-personal services expenses through contract reviews and renewals and strict controls on travel, equipment and other purchases;
- Achieve local funding efficiencies through the elimination of duplicative and unnecessary spending and reimbursement mechanisms, including the Alternative Rate Methodology for certain hospitals; and
- Continue to implement initiatives to maximize Federal Medicaid reimbursement including the conversion of funding for shared staff and other positions assigned to community programs.

The 2003-04 Executive Budget also saves \$7.8 million by consolidating the Nathan S. Kline Institute (NKI) in Rockland County into the New York Psychiatric Institute (NYPI) in Manhattan. The streamlining of research activities into a single, more cost effective research entity will reduce the need for State tax dollar support by eliminating duplicative and non-essential activities. Under the auspices of NYPI, OMH will continue its commitment to research at the two campuses in children and adult clinical treatment, basic biomedical and neurological sciences and health services for the mentally ill.

COMMUNITY REINVESTMENT

The Executive Budget for 2003-04 recommends that four adult psychiatric centers and one children's psychiatric center be closed and necessary inpatient capacity be consolidated at the 18 remaining adult and children's facilities. This measure will achieve significant operating efficiencies and capital construction savings while permitting continued investment in community-based mental health services. The facilities recommended for closure are as follows:

- Elmira Psychiatric Center will be consolidated with Rochester Psychiatric Center and will close on July 1, 2003;
- Hutchings Psychiatric Center will be consolidated with Mohawk Valley Psychiatric Center and will close on July 1, 2003;
- Middletown Psychiatric Center will be consolidated with Rockland Psychiatric Center and will close on July 1, 2003;
- Bronx Psychiatric Center will be consolidated with Pilgrim and Creedmoor Psychiatric Centers and will close on October 1, 2005; and
- Bronx Children's Psychiatric Center will be consolidated with other downstate children's facilities and will close on October 1, 2005.

The 2003-04 Budget continues full support for adult and children's community-based services that have been initiated under the Community Mental Health Reinvestment Act and incorporates this funding into the adult and children's programs. Community Reinvestment was designed in the early 1990's as a way to redirect resources from State-operated facilities into community-based services. These resources support community mental health services that are determined through a local planning process and encompass a wide variety of new and expanded programs for children and adults, including outpatient clinics, community support programs and residential beds.

Resources derived from Community Reinvestment have been supplemented over the years through the Governor's Enhanced Community Services Program, New York/New York II, Kendra's Law and other initiatives. Among the highest priorities is to expand community housing and strengthen the State's extensive system of community-based services by supporting its basic infrastructure and workforce.

Reaffirming his commitment to Community Reinvestment, the Governor's Budget advances a new Reinvestment Act to redirect State savings from future bed closures and facility consolidations into community services. The severe fiscal restraints facing New York

preclude new reinvestment funds from the bed closures and three adult facility consolidations proposed in 2003-04. Instead, these savings will be used to fully fund the 2002-03 cost-of-living adjustment (COLA) and fee increase to address workforce issues and improve recruitment and retention in voluntary-operated programs, for which \$30 million is included in the Budget. However, the Governor's legislation would redirect future savings towards the development of 600 new supported housing beds, expansion of children's community-based services and workforce related activities.

Of particular note is that the new Reinvestment legislation reaffirms the Governor's commitment to provide services to children in appropriate settings. Accordingly, all of the savings associated with inpatient bed closures at the Bronx Children's Psychiatric Center will be reinvested into an array of services, including children's crisis intervention beds, home-based crisis intervention teams and home and community-based services waiver slots. As a result, as many as four times the number of children now served in institutional settings will be served while living at home with their families.

ADULT HOMES INITIATIVE

The Governor's Budget includes resources to implement a series of recommendations made by the Adult Homes Workgroup comprising mental health advocates and adult home providers. The 2003-04 Executive Budget includes \$8 million budgeted in the Department of Health to support initiatives to improve the quality of life and safety for adult home residents in New York. The Department of Health, in partnership with the Office of Mental Health, the Commission on Quality of Care for the Mentally Disabled and the State Office for the Aging, will initiate a statewide effort to conduct client assessments; improve medication management; initiate enhanced service coordination and other advocacy services; and expand social and recreational activities. These initiatives build on the Governor's reforms to strengthen the oversight and surveillance of adult homes.

ASSISTED OUTPATIENT TREATMENT

The 2003-04 Budget includes appropriations of \$32 million for the Assisted Outpatient Treatment program ("Kendra's Law") enacted in 1999-2000. The program provides court ordered assisted outpatient treatment for certain people with mental illness who, based on their treatment history and present circumstances, are unlikely to manage safely in the community without supervision. The appropriations support case management and other services aimed at keeping clients in a treatment program and on any required psychiatric medication. The appropriations also cover psychiatric medication to individuals being discharged from State psychiatric centers, community hospitals, prisons and jails while their Medicaid eligibility is being determined.

ENHANCED COMMUNITY SERVICES

Appropriations of \$86.4 million are provided for the Enhanced Community Services Program proposed by Governor Pataki in 2000-01. The program is supported by Health Care Reform Act (HCRA) revenues and, when combined with other funding sources, provides \$125 million for a wide variety of services which strengthen the community mental health service system for children and adults. The program has significantly expanded case management, housing, family support, family-based treatment and other services. Moreover, the Enhanced Community Services Program has fostered more effective systems for managing resources to best serve the clients by establishing new Single Points of Entry at the local level. This improves the assignment of case management and housing opportunities to the most needy clients.

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COMMUNITY HOUSING

The 2003-04 Budget provides operational and capital funding for local programs to maintain the existing residential system and continue the development of community beds previously authorized through New York/New York II and other housing initiatives. The Governor's Budget recommends development of 2,000 additional community residential beds, with a \$65 million capital appropriation to support the State's contribution towards the first phase of 1,000 beds. When fully operational, these 2,000 beds will require approximately \$50 million in additional ongoing support. Including this new commitment to expand residential capacity, the Budget supports 26,100 beds currently operating and 1,000 new community beds from prior-year initiatives that are expected to open by the end of 2003-04, as well as another 4,000 in other stages of planning and development.

CAPITAL PROJECTS

OMH's Capital Budget includes new appropriations of \$215.5 million for preservation and maintenance of inpatient and community facilities. Capital spending from new appropriations and re-appropriations will support facility projects that will increase health and safety, preserve and maintain the physical plant consistent with the Office of Mental Health's facility maintenance program and comply with accreditation standards. Capital spending is also provided for local programs to maintain the existing residential system and to continue development of community beds previously authorized.

PROGRAM HIGHLIGHTS

New York State will continue to rank number one in the nation in total spending and per capita spending on State and local programs for the mentally ill.

- State-operated facilities provide inpatient, outpatient and community support programs throughout the State that serve adults, children, and forensic populations. State-operated psychiatric centers provide inpatient services to approximately 7,600 adults and children who are admitted annually, while over 37,000 individuals are served through various outpatient and support programs.
- While inpatients vary greatly in age, level of disability and length of hospitalization, a range of treatment and rehabilitative services is offered as patients progress from admission to discharge. In addition, OMH provides specialized services for physically disabled, aggressive and assaultive, and multi-diagnosed patients, as well as patients who have criminal histories.
- The Office operates an array of community-based programs located throughout the State. These programs, staffed with State employees, provide supportive services to enable individuals with mental illness to avoid long-term inpatient stays. State-operated community-based services currently include community residential facilities and residential care centers for adults and children, outpatient programs, intensive case management positions and a variety of supportive employment, work-for-pay, crisis and other community support programs.
- OMH also funds a wide range of community services provided by local governments and private organizations. These include emergency services such as Comprehensive Psychiatric Emergency Programs; outpatient services such as mental health clinics and day treatment programs and community support programs such as Intensive and Supportive Case Management, residential programs and consumer-run self-help and self-operated programs. Overall, State Aid and Medicaid (budgeted largely in the Department of Health) will provide about \$2 billion for not-for-profit and county-operated community mental health programs through a network of approximately 2,500 programs serving over 500,000 persons a year.

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In all mental health settings, the fundamental goal of OMH is to maximize access to quality mental health care for every single New Yorker. This includes bridging the gap between science and service and focusing on accountability for results, best practices and coordination of care.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	1,165,443,500	1,114,126,000	(51,317,500)	1,258,000
Aid To Localities	824,050,000	844,723,000	20,673,000	36,897,000
Capital Projects	162,880,000	215,482,000	52,602,000	555,105,000
Total	<u>2,152,373,500</u>	<u>2,174,331,000</u>	<u>21,957,500</u>	<u>593,260,000</u>

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration and Finance			
General Fund	559	534	(25)
Special Revenue Funds - Federal	14	14	0
Enterprise Funds	20	20	0
Internal Service Funds	24	24	0
Adult Services			
General Fund	11,883	11,071	(812)
Capital Planning			
Capital Projects Funds - Other	41	41	0
Children and Youth Services			
General Fund	1,969	1,969	0
Forensic Services			
General Fund	1,879	1,879	0
Maintenance Undistributed			
Special Revenue Funds - Other	397	397	0
Research			
General Fund	497	384	(113)
Special Revenue Funds - Other	27	27	0
Total	<u>17,310</u>	<u>16,360</u>	<u>(950)</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	667,599,500	505,715,000	(161,884,500)
Special Revenue Funds - Federal	1,258,000	1,272,000	14,000
Special Revenue Funds - Other	485,447,000	595,981,000	110,534,000
Enterprise Funds	8,277,000	8,284,000	7,000
Internal Service Funds	2,292,000	2,304,000	12,000
Fiduciary Funds	570,000	570,000	0
Total	<u>1,165,443,500</u>	<u>1,114,126,000</u>	<u>(51,317,500)</u>

MENTAL HEALTH

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2002-03	Recommended 2003-04	Change
Administration and Finance			
General Fund	57,061,000	55,807,000	(1,254,000)
Special Revenue Funds - Federal	1,258,000	1,272,000	14,000
Special Revenue Funds - Other	1,300,000	1,300,000	0
Enterprise Funds	8,277,000	8,284,000	7,000
Internal Service Funds	2,292,000	2,304,000	12,000
Fiduciary Funds	570,000	570,000	0
Adult Services			
General Fund	792,485,000	733,715,000	(58,770,000)
Special Revenue Funds - Other	0	15,025,000	15,025,000
Children and Youth Services			
General Fund	119,382,000	120,267,000	885,000
Enhanced Community Services			
General Fund	19,600,000	19,600,000	0
Forensic Services			
General Fund	114,763,500	115,712,000	948,500
Maintenance Undistributed			
General Fund	(478,128,000)	(573,531,000)	(95,403,000)
Special Revenue Funds - Other	478,128,000	573,531,000	95,403,000
Research			
General Fund	42,436,000	34,145,000	(8,291,000)
Special Revenue Funds - Other	6,019,000	6,125,000	106,000
Total	<u>1,165,443,500</u>	<u>1,114,126,000</u>	<u>(51,317,500)</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2003-04 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	34,895,000	(1,254,000)	33,567,000	(1,264,000)
Adult Services	597,960,000	(57,753,000)	554,005,000	(53,770,000)
Children and Youth Services	107,426,000	800,000	99,486,000	741,000
Forensic Services	105,259,000	784,000	97,151,000	723,000
Research	30,502,000	(6,050,000)	30,043,000	(5,929,000)
Total	<u>876,042,000</u>	<u>(63,473,000)</u>	<u>814,252,000</u>	<u>(59,499,000)</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration and Finance	1,017,000	8,000	311,000	2,000
Adult Services	14,914,000	(1,320,000)	29,041,000	(2,663,000)
Children and Youth Services	3,325,000	25,000	4,615,000	34,000
Forensic Services	3,188,000	24,000	4,920,000	37,000
Research	39,000	(43,000)	420,000	(78,000)
Total	<u>22,483,000</u>	<u>(1,306,000)</u>	<u>39,307,000</u>	<u>(2,668,000)</u>

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration and Finance	20,912,000	0	912,700	0
Adult Services	135,755,000	(1,017,000)	66,791,000	144,000
Children and Youth Services	12,841,000	85,000	6,265,000	85,000
Enhanced Community Services	19,600,000	0	0	0
Forensic Services	10,453,000	164,500	6,364,000	164,500
Research	3,643,000	(2,241,000)	1,427,000	(1,476,000)
Total	203,204,000	(3,008,500)	81,759,700	(1,082,500)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration and Finance	1,431,500	0	16,569,400	0
Adult Services	2,836,000	(70,000)	60,481,000	(1,031,000)
Children and Youth Services	509,000	0	5,526,000	0
Enhanced Community Services	0	0	0	0
Forensic Services	622,000	0	3,268,000	0
Research	60,000	(15,000)	2,091,000	(705,000)
Total	5,458,500	(85,000)	87,935,400	(1,736,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	1,998,400	0	0	0
Adult Services	2,482,000	(60,000)	3,165,000	0
Children and Youth Services	541,000	0	0	0
Enhanced Community Services	0	0	19,600,000	0
Forensic Services	199,000	0	0	0
Research	65,000	(45,000)	0	0
Total	5,285,400	(105,000)	22,765,000	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Finance	13,730,000	33,000	4,328,000	0
Adult Services	15,025,000	15,025,000	15,025,000	15,025,000
Research	6,125,000	106,000	1,915,000	0
Total	34,880,000	15,164,000	21,268,000	15,025,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Finance	8,102,000	33,000	1,300,000	0
Adult Services	0	0	0	0
Research	4,210,000	106,000	0	0
Total	12,312,000	139,000	1,300,000	0

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	711,280,000	730,059,000	18,779,000
Special Revenue Funds - Federal	38,235,000	40,129,000	1,894,000
Special Revenue Funds - Other	74,535,000	74,535,000	0
Total	824,050,000	844,723,000	20,673,000

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AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2002-03	Recommended 2003-04	Change
Adult Services			
General Fund	570,063,000	582,565,000	12,502,000
Special Revenue Funds - Federal	30,400,000	32,294,000	1,894,000
Special Revenue Funds - Other	7,735,000	7,735,000	0
Children and Youth Services			
General Fund	140,191,000	147,494,000	7,303,000
Special Revenue Funds - Federal	7,835,000	7,835,000	0
Enhanced Community Services			
Special Revenue Funds - Other	66,800,000	66,800,000	0
Community Projects			
General Fund	1,026,000	0	(1,026,000)
Total	<u>824,050,000</u>	<u>844,723,000</u>	<u>20,673,000</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2002-03	Recommended 2003-04	Change	Reappropriations 2003-04
Design and Construction Supervision				
Capital Projects Fund	1,750,000	2,000,000	250,000	1,750,000
Mental Hygiene Capital Improvement Fund	8,000,000	8,000,000	0	8,087,000
Executive Direction				
Capital Projects Fund	0	0	0	3,325,000
Mental Hygiene Capital Improvement Fund	3,300,000	3,300,000	0	3,300,000
Community Mental Health Facilities				
Capital Projects Fund	6,000,000	7,000,000	1,000,000	24,881,000
Mental Hygiene Capital Improvement Fund	5,470,000	70,482,000	65,012,000	128,445,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	27,950,000	32,000,000	4,050,000	30,125,000
Mental Hygiene Capital Improvement Fund	108,410,000	91,700,000	(16,710,000)	347,192,000
Non-Bondable				
Capital Projects Fund	2,000,000	1,000,000	(1,000,000)	8,000,000
Total	<u>162,880,000</u>	<u>215,482,000</u>	<u>52,602,000</u>	<u>555,105,000</u>