

BUDGET FOR MENTAL HEALTH NEEDS SCRUTINY

By
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The Governor's budget request for mental health may be better than it might have been in a terrible year, but there are very important questions to be answered before sighing with relief. Here's why.

Adult Home Reform: The centerpiece of the budget proposal for mental health is adult home reform--a response to the revelation of scandalous conditions in residences housing 12-15,000 people with serious mental illnesses.

The budget request includes three reform proposals—capital funding of \$65 million to construct 1000 housing units for people with serious mental illnesses in future years, a promise of funding in future years to operate new housing and to build another 1000 units, and \$8 million (which, with federal match for Medicaid might become \$16 million) for improved services for adult home residents.

However, the promised 2000 housing units are contingent on local governments providing matching funds of \$104 million. Given the fiscal woes of New York's local governments, will matching funds be available?

And the 2000 units are not only for adult home residents. They are also for people with mental illnesses who are homeless, those leaving state hospitals, and children and adolescents with serious emotional disturbances. A minimum of 10% is set-aside for kids. Other housing will be distributed based on local priorities.

New residential services for homeless people, for people leaving state hospitals, and for kids is good news. But the likely consequence is too few new housing units for people in adult homes. Five years from now there may still be 10-15,000 people with mental illnesses living in adult homes.

It is possible that the conditions in the homes will be substantially improved in five years—if more funds are made available in future years. But \$1.50 per person per day (which is what \$8 million provides if funds are used *only* for people with mental illnesses) or even \$3.00 per person per day (which is what \$16 million would provide) is not going to turn the system around.

Community Mental Health Services

The Governor's budget request also promises that current community mental health services will not be cut. At best, however, this is a commitment to those community mental health services covered in the budget of the Office of Mental Health. In the

Department of Health's budget, there is a 5% cut in rates for psychiatric inpatient services, psychiatric outpatient rates at general hospitals are frozen at 2002 levels, and Medicaid coverage of costs not covered by Medicare for elderly and disabled people will be reduced, saving the state \$150 million. How much of this cut will affect people with mental illnesses is not clear at the moment.

In addition children now on Medicaid whose families are just above the poverty line will be shifted to Child Health Plus—which provides less mental health coverage than Medicaid does. As a result some children with serious mental health needs could lose access to mental health services they now get.

Even community mental health services within the Office of Mental Health's budget are not clearly safe. There is no adjustment for inflationary costs, a *de facto* cut. No effort is made to address the problems of dangerously underfunded housing programs. And the Office of Mental Health's budget is contingent on a number of proposals which are far from done deals—the closure of three state psychiatric centers, the reduction of 90 beds in state hospitals, and the consolidation of New York State's two mental health research institutes. In addition, stable funding for a variety of rehabilitation and community support programs for people with psychiatric disabilities depends on the substitution of federal Medicaid funds for state funds.

Sharp questions will undoubtedly be raised about the Governor's saving plans. Are there adequate plans for the people in the hospitals to be closed? Should more beds be reduced from state hospitals without reinvestment in community services in 2003-4? Will consolidation of research facilities result in the loss of vital research? Will the plan to supplant state funds with federal Medicaid funds result in the loss of some very good programs because they are unable to serve people under Medicaid rules? And, given the recent announcement of federal Medicaid reform so as to hold down both federal and state expenditures, has NYS's strategy of substituting federal Medicaid funding for state funding become dangerous?

It may be a year when we should be grateful for small kindnesses, but this budget proposal for mental health needs scrutiny nevertheless.

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