



Association of New York State Youth Bureaus

A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

January 2014

Overview

On January 21, 2014, the Governor released his 2014-15 Executive Budget recommendation. Calling the proposal “a program and policy document”, the Governor said his budget is intended to shape and strengthen the state’s economy and reputation. The nearly \$138 billion dollar spending plan represents a 1.3 percent increase in state funds spending over the 2013-14 State Budget; a 1.7 percent increase when federal funds are included. The Governor was careful to point out that the spending plan includes an additional \$2.4 billion in federal disaster assistance and \$2.56 billion from federal Affordable Care Act investments that increase year-to-year spending significantly but are not permanent. The budget surplus anticipated if the budget is enacted as proposed is \$500 million.

The two areas that grow beyond the 2% “line in the sand” are education and Medicaid. Education is proposed to increase by 3.8% - including \$100 million for expansion of the universal Pre-K program. With adds by the Legislature, last year’s education spending rose by 4.9%. Medicaid spending will rise by 3.9% and the Medicaid Global Spending Cap will be set at \$17 billion for the upcoming fiscal year, up from \$15.9 billion last year.

A new recommendation authorizes the Department of Health (DOH) to establish a methodology for distributing savings achieved under the Medicaid cap to providers and plans based upon a 3-year claims and encounter history. At least 50% of the redistributed funds must to toward financially distressed and critical need providers as identified by DOH.

If passed by April 1, this will be the fourth consecutive budget passed by the statutory deadline, marking the first time New York has had four consecutive, on-time budgets since the 1970’s.

The remainder of this summary focuses on the impact of the state budget agreement will have on children’s health and human services and supports for families.

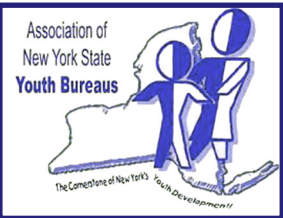
Contents:

	Page
OCFS Overview.....	2 - 4
OMH Overview.....	4 - 7
OASAS Overview.....	7
OPWDD Overview.....	7
Education.....	7 - 8
Temporary Disability Assistance Overview.....	8

ASSOCIATION OF NEW YORK STATE YOUTH BUREAUS

194 WASHINGTON AVE., SUITE 415, ALBANY, NY 12210

JACKIE NEGRI, EXECUTIVE DIRECTOR • P: 518.436.8712 • E: JACKIE@NYCAP.RR.COM • WWW.ANYSYB.NET



Office of Children and Family Services

The OCFS spending plan proposes a 1.4% increase in overall spending, down from 1.5% last year. The Governor proposes spending \$250,000 to use experts and create a commission to examine necessary adjustments to New York's age of criminal responsibility. The "**Raise the Age**" advocacy has been strong and New York is only one of four states that prosecutes and incarcerates 16 year olds as adults. The Commission on Youth, Public Safety and Justice is expected to make recommendations by December 31, 2014.

The Executive Budget again defers the 2% **Human Services COLA** for a year (April 1, 2015). This is the fourth year the COLA has been deferred and means that \$19 million will not be afforded programs and grants authorized by OCFS to offset inflationary increases.

The budget also reforms and maintains the 5-year extension of the child welfare financing mechanism (expiration June 1, 2017) and preventive services.

Last year, the Legislature extended the child welfare financing mechanism through June 1, 2017. The budget recommendation therefore keeps the cost sharing of **child welfare preventive and protective** open-ended funding for services at 62% state/38% local and again allocates \$635 million in General Funds to support counties. This program was historically a 65%/35% state/local share and the state contribution has dropped and been capped at this level since the match was decreased.

The budget proposal retains the capped **Foster Care Block Grant** at \$436 million for the fifth

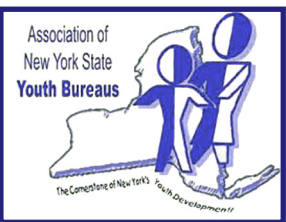
consecutive year. This is the 3rd year of the **Subsidized Kinship Guardianship Program (KinGap)** being under the Block Grant without expansion of the Block Grant funding. Without adding funds for KinGap, the state effectively shifts the cost of this important program on to the counties.

The budget proposal maintains the reduced state match for the **Adoption Subsidy Program** that was enacted in 2011 (was 73.5% and was reduced to 62%) and allocates the same funding as last year - \$184.58 million. Prior to reducing the state match and shift the cost of adoption subsidies to counties, the state appropriated \$210.1 million in 2010-11 for the program when the state/county share was 73.5/26.5.

The **Medicaid per diem** for foster care remains consistent at \$37.45 million. However, in keeping with the Medicaid Redesign commitment to proceed carefully on the transition of exempt children's populations into Medicaid Managed Care, the Department of Health budget includes two important recommendations:

- Proposes a pilot between DOH and OCFS to develop rates for Managed Care, Health Homes and Foster care per diems for the foster care population; and
- Earmarks \$5 million to prepare foster care provider for the transition to Managed Care through readiness assistance and assessments, health information technology investments and utilization data collection.

The Governor proposes to increase funding for the **Regional Public/Private Human Services Pilots** – adding \$1.4 million to last year's \$2 million. The program allows for a state match for innovative youth employment programs.



A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

The Governor also proposes an increase for the **Summer Youth Employment Program** – up \$2.5 million to \$27.5 million. (TANF funding) The Governor seeks Legislative approval to revise eligibility for the program by including eligible youth from ages 14-20 and removing the 200% of Federal Poverty level reference and also authorization for a new distribution formula to be developed by the Office of Temporary and Disability Assistance (OTDA).

The budget proposes to maintain funding at last year's levels for the following programs:

- **Community Optional Preventive services (COPs)** - \$12.1 million.
- **Home Visiting** - \$23.288 million.
- **Supportive Housing for Young Adults** - \$2.1 million.
- **Hoyt Memorial Trust Fund** - \$621,850.
- **Supervision and Treatment Services for Juveniles** - \$8.37 million, for 62% state share; counties will have to provide a 38% match.

The budget proposes level funding, minus the Legislative add for the following programs:

- **Youth Development Program** - \$14.1 million, keeping the restructured funding through counties and the City of NY rather than town, village and small city youth bureaus – Legislature add of \$1.28 million is not included.
- **Runaway and Homeless Youth Act** - \$2.35 million – Legislature add of \$254,456 is not included.

- **Advantage Afterschool** - \$17.3 million; Legislature add of \$500,000 in TANF is not included, but the Governor proposes that revenue from new Casino gambling centers be earmarked for Afterschool expansion in the future (up to \$720 million).

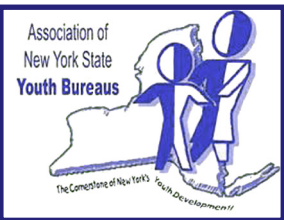
The Budget recommends continuation of the **Close to Home Initiative** for New York City, increasing last year's funding by \$5.1 million to \$41.4 million. However, the timetable for OCFS to close its state-operated limited secure facilities is extended from September 2014 until April 2015. The program was developed to provide less restrictive services to all adjudicated juvenile delinquents determined by a NYC family court to need services or placement other than secure or limited secure placement.

The budget proposal maintains a hard cap of \$76.16 million for the state's **49% of detention costs**. The policy puts counties at-risk of not getting any state reimbursement for placements that occur late in the fiscal year, but allows counties to use any funds they don't claim for detention services for 62% reimbursement of Supervision and Treatment Services instead.

The budget maintains \$72.5 million for the **Bridges to Health Medicaid Waiver Program (B2H)**. This funding is for the state share of 3,305 B2H opportunities.

The budget maintains \$6.1 million for the state share of **OMH Home and Community Based Waiver** opportunities offered to counties that pay the 38% match for preventive services placement alternatives.

New investments are proposed for child care. The **Child Care Block Grant (CCBG)** is increased by \$21 million – allowing a total of



A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

\$863.1 million to be available to counties for services. The state contribution will be \$257.2 million and federal funding is expected to remain at \$308.7 million. However, the budget proposal recommends \$310 million in TANF funding for **child care subsidies**, representing a \$63 million decrease from last year's allocation.

The budget recommendation includes \$2 million for day care at **SUNY and CUNY campuses** and \$750,000 for child care for families of migrant workers. Often, these funds are added by the Legislature. The Governor also proposes \$2 million to **automate the licensing** of child care providers.

The 2014-15 budget proposal expands the state's investment in the **Pay for Success Initiative**. This program funds Social Impact Bonds, and \$30 million was available in last year's budget. The Governor proposes a \$95 million increase, bringing the proposed total for this year to \$125 million. The increase is intended to expand compacts that will bring long-term savings by innovative early childhood development, child welfare, health care, public safety or homelessness solutions.

Office of Mental Health

The OMH operated and licensed programs are positively affected by the Department of Health's Medicaid recommendations and overall OMH spending will rise by 1.6%. However, OMH programs and services will not benefit from the **2% Medicaid restoration**, because that across-the-board reduction was not applied to OMH programs originally.

The Executive Budget does not include funding for the 2% **Human Services COLA**, and instead

defers implementation until April 1, 2015, or the next fiscal year.

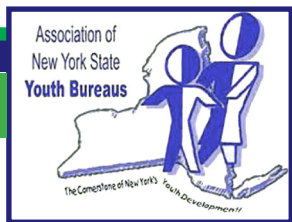
This saves \$76 million across OMH, OASAS and OPWDD.

The Executive Budget requests authorization from the Legislature to collect **community residence exempt income** permanently. The Legislature limited authority until December 2014.

The budget also allows for the extension of the APG rate for kids' clinic visits until December 31, 2017. This allows OMH to continue transferring funds to DOH so Medicaid managed care plans will continue to receive payments that allow the government rate to be paid to clinic providers for any Medicaid eligible kids served in Article 31 clinics. The budget also authorizes this transfer for **OASAS providers** to be paid the full APG rate to OASAS providers by Medicaid managed care plans.

The budget assumes moving forward with a revised **Regional Center of Excellence (RCE)** plan. The Sagamore Children's Psychiatric Center will not close prior to April 1, 2016. Elmira, Binghamton and St. Lawrence Psychiatric Centers will not close until OMH evaluates the effectiveness of expanded community serves and the continued need for inpatient beds. However, the intent to close notifications that were issued on July 1, 2013 have not been rescinded, so the 12 month clock is running on the closures that could go forward as of July 1, 2014.

OMH has announced that it intends to continue downsizing operations during the upcoming fiscal year with a net reduction of 18 wards:



A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

Greater Binghamton (Adult) - Close 1 Ward
 Elmira (Adult) - Close 1 Ward
 St. Lawrence (Adult) - Close 1 Ward
 St. Lawrence (Children's) - Close 1 Ward
 Sagamore (Children's) - Close 2 Wards
 Western NY* (Children's)- Close 3 Wards
 Rochester (Adult) - Close 2 Wards
 Manhattan (Adult) - Close 2 Wards
 Pilgrim (Adult) - Close 2 Wards
 Buffalo*(Children's) - Add 2 Wards
 Buffalo*(Adult) - Close 1 Ward
 Bronx (Adult) - Close 1 Ward
 Rockland (Adult) - Close 1 Ward
 Rockland(Children's) - Close 1 Ward
 Hutchings (Children's) - Close 1 Ward

Total Wards Close - 18 Wards (6 children's)

The following are new appropriations and recommendations that behavioral health providers may be eligible to partake of:

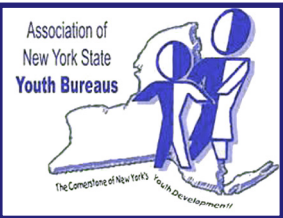
- \$25 million (\$44 full annual) for the expansion of community based services, both voluntary and state-operated, that will reduce inpatient stays and local government costs. The child and family specific services that will be eligible include:
 - o Crisis and respite beds (seeking clarification on state-operated or voluntary and how much will be available for this service)
 - o HCBWS slots (\$11 million ~ 150 slots)
 - o \$15 million for new supported housing beds
 - o \$6.5 million for an increase to the downstate rental stipend
 - o Urgent care walk-in centers & Mobile engagement teams
 - o Family resource centers & evidence-based family support services

- o Suicide prevention services
- o Family concierge services.

- \$10 million for grants to Medicaid managed care plans, health homes and providers of behavioral health services to contribute to transition expenses associated with moving adult and children's behavioral health providers and services into Medicaid managed care.

The following are program or policy changes that behavioral health providers may benefit from or could be affected by, but which do not have specific appropriations associated with them:

- Authority for OMH and OPWDD to Reinvest the savings associated with the decertification of state-operated inpatient beds (after consulting with DOH and DOB) to fund community support programs offered by those with Art 31 and Art 28 or Art 32 licenses. However, the budget recommends that the existing, formula-based Reinvestment policy be allowed to expire on March 31, 2015.
- Authority for DOH to reinvest savings from the carve-in of behavioral health services into Medicaid Managed care into community based behavioral health services, including residential services and subject to annual appropriation, calculated by DOH and DOB, in consultation with OMH and OASAS.
- Authority to DOH and OMH to waive any regulatory requirements that would interfere with providers participating in joint projects under the Delivery System Reform Incentive Program (DSRIP), the anticipated \$587 million earmarked in the 1115 Waiver



A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

proposal that is pending before CMS to transform delivery systems.

- Authority for DOH to distribute savings under the Medicaid cap to financially distressed and critical condition providers.
- Authority for DOH to contract without competitively bidding contracts related to MRT expansion initiatives, like supportive housing, transition of vulnerable populations to managed care and rate setting for managed care.
- Authority for DOH and OMH to develop new rates for Article 28 clinics that are willing to provide collaborative care services, such as substance use and depression screening, diagnosis and treatment in an integrated “primary” care setting.
- Authority for DOH, OMH, OPWDD and OASAS to promulgate emergency regulations to implement integrated behavioral health, substance abuse and physical health services in a single physical location.
- Authority for the DOH Commissioner to establish utilization thresholds for Medicaid services (clarifying which services would be exempt),
- Establish the Nurse Practitioner Modernization Act. This proposal will increase access to health care services by allowing NP’s whose written agreements with physicians terminate or cannot be renewed to practice under the supervision of another NP with more than 3,600 hours of work experience if approved by State Ed; and allow NPs with more than 3,600 hours of work experience to forgo written collaboration agreements with physicians.

The Budget proposes to continue Medicaid rates freezes, including rates for **Residential Treatment Facilities**. OMH did update the base year for RTFs to determine the 2014 rates that should have gone into effect July 1, 2013, but those rates have not yet been implemented. The budget seeks authority for DOH to update the base year for inpatient psychiatric hospitals. RTFs have not received a trended rate since July 1, 2011.

Prescribing and Pharmacy Proposals

Although the Legislature restored **the Prescriber Prevails authority** last April, the Executive Budget again proposes to limit prescriber preference for both Medicaid fee-for-service enrollees and Medicaid managed care recipients. If enacted by the Legislature, beginning on April 1, prescriber prevails will not apply when an FDA “A” rated generic equivalent is available.

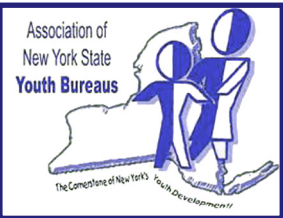
The budget also proposed to amend **Early Refill** policies to require prior authorization if a refill is sought when less than 75% of the previously dispensed amount should have been used or if more than a 6-day supply of the dispensed amount should be available. This will impact prescribers who work with kids placed precipitously into foster care or juvenile justice placements without their medications.

The budget also proposes that prior authorization be required for both Medicaid fee-for-service and Medicaid Managed care recipients when a prescription drug is being prescribed and the prescriber cannot refer to FDA-approved or Compendia justification for use of that drug, notwithstanding Prescriber Prevails. This proposal is intended to bring **off-label prescribing** into accordance with federal law.

ASSOCIATION OF NEW YORK STATE YOUTH BUREAUS

194 WASHINGTON AVE., SUITE 415, ALBANY, NY 12210

JACKIE NEGRI, EXECUTIVE DIRECTOR • P: 518.436.8712 • E: JACKIE@NYCAP.RR.COM • WWW.ANSYB.NET



A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

The budget proposes that plans be allowed to **lower co-payments** for drugs on their formulary, rather than just those on the preferred drug list. Plans may apply \$1 co-pays to brand drugs on their formulary, even when they are not on the state's preferred drug list.

OASAS

The budget authorizes OASAS to transfer money to DOH to increase Medicaid managed care plan premiums and require plans to reimburse OASAS services at rates equivalent to rates established under **APGs**.

The budget proposes the development of an **Integrated Model of Care** by Article 28 clinics that can provide substance abuse disorder screening and diagnosis and treatment in a setting that integrates health care services as well.

OPWDD

As with OMH state operated downsizing, OPWDD will be authorized to **reinvest** savings as approved by DOH and DOB. It is anticipated that 300 individuals will transition from state institutions over the next two fiscal years. In the proposed budget, this will save about \$11 million and the budget proposes that \$9 million be invested into more integrated community services opportunities. The savings would be achieved through a decrease of 720 state positions in 2014, maintaining a state workforce of 18,293 and a decrease of \$69.6 million in state-operated facility funding. The staffing and operating reductions will require the transition of 300 additional individuals from state facilities back into the community.

An effort to bring back young adults who have aged out of **"out-of-state" placements** at private residential schools is proposed by offering payment of day, rehab and care management services in lieu of "tuition" payments. Returning individuals will use SSI income to support their residential costs. The state savings associated with this proposal is \$7.7 million and would affect about 100 young people in out-of-state placement.

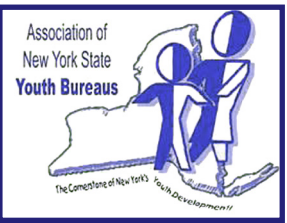
The enacting legislation protects the fiscal operation of OPWDD providers by expanding the existing exemption in **the Nurse Practice Act** to direct care staff in non-certified settings funded, approved or authorized by OPWDD.

The Executive budget recommends a reduction of \$9.8 million in funding for **day habilitation** programs. The plan is to identify integrated employment opportunities for the 6,500 individuals affected by this reduction. The budget also includes a \$1.1 million reduction in funding for **sheltered workshops**, a change to ensure the state remains in compliance with federal requirements.

Education

The budget recommendation includes:

- \$100 million in new funds to expand the existing \$385 million Universal Preschool Kindergarten program and promises \$1.5 billion over 5 years to make the program statewide.
- Extended Learning Time grants are maintained at \$20 million to expand learning time by at least 25%, school day or school year extensions are eligible.



A CHILD AND FAMILY BUDGET ANALYSIS OF THE 2014-15 EXECUTIVE BUDGET

- Community Schools grants are maintained at \$15 million to transform schools into community hubs, by integrating health, social and after-school programming.
- Extended Day/School Violence grant funding is maintained at \$24.3 million.
- 21st Century Learning Center grants are federally funded at \$96.5 million.

New authority is proposed for **OCFS to contract with BOCES** to provide any and all education programs to youth in OCFS custody. Currently, BOCES can provide special education services.

The budget recommends a \$58.5 million increase in funds for the **Preschool Special Education Program** (4410 services for 3-5 year olds) allowing \$1.04 billion for the preschool education of students with disabilities. Although cost containment measures are also proposed in this budget for this program, including:

- Establishing regional rates to replace expense/cost based rates.
- Allowing the NYC Board of Education to negotiate its own rates with providers.
- Limiting reimbursement to services provided.

Temporary Disability Assistance

The budget recommendation makes significant amendments to the TANF allocation that was included in the final 2013-14 Budget agreement. In essence, the budget recommends two allocations for the funding: 1) flat funding the **Flexible Fund for Family Services** (FFFS) to

counties at \$964 million and 2) including \$310 million for **child care subsidies** a decrease of \$63.8 million from last year's \$373.9 million. There is a \$2 million recommendation for **food banks** and the \$27.5 million for **Summer Youth Employment** as well. Therefore, **none** of the following programs are proposed for funding:

- ACCESS - Welfare to Careers \$800,000
- Advantage After School Program \$500,000
- ATTAIN \$4,100,000
- BRIDGE Program \$102,000
- Career Pathways Program \$750,000
- Centro of Oneida \$25,000
- Child Care Subsidies for CUNY \$141,000
- Child Care Subsidies for SUNY \$193,000
- Community Solutions for Transportation \$112,000
- Emergency Needs of Homeless \$500,000
- Facilitated Enrollment Pilot Programs in Capital Region- Oneida \$2,676,000
- Facilitated Enrollment Pilot Programs in the Bronx, Brooklyn, Queens, and Monroe county \$4,589,000
- Job Placement to Noncustodial Parents \$200,000
- Literacy Training, Workplace Literacy, and ESL Language \$250,000
- Non-Residential Domestic Violence \$1,210,000
- Nurse Family Partnership Program \$2,000,000
- Preventative Services \$610,000
- Rochester-Genesee Transportation \$82,000
- Settlement House Program \$1,000,000
- Support Services to Caretaker Relatives \$101,000
- Wage Subsidy Program \$950,000
- Wheels for Work Program \$144,000