

# **HEALTH & MENTAL HYGIENE**

**Summary of Recommended Appropriations  
By Agency**

# OFFICE FOR THE AGING

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	2,320,000	2,289,000	2,289,000	0
Special Revenue-Other	300,000	300,000	300,000	0
Special Revenue-Federal	10,562,000	10,250,000	10,250,000	0
Enterprise	100,000	100,000	100,000	0
<b>Total for STATE OPERATIONS</b>	<b>13,282,000</b>	<b>12,939,000</b>	<b>12,939,000</b>	<b>0</b>
<b>AID TO LOCALITIES</b>				
General Fund	63,874,300	74,424,300	74,424,300	0
Special Revenue-Other	4,000,000	4,000,000	4,000,000	0
Special Revenue-Federal	106,100,000	107,600,000	107,600,000	0
<b>Total for AID TO LOCALITIES</b>	<b>173,974,300</b>	<b>186,024,300</b>	<b>186,024,300</b>	<b>0</b>

## Executive Year-to-Year Change

The Executive recommends an All Funds appropriation of \$198,963,300, a net increase of \$11,707,000, or 6.3 percent, over State Fiscal Year (SFY) 2004-05. The Executive recommends a total State Operations General Fund appropriation of \$2,289,000, a decrease of \$31,000, or 1.34 percent from State Fiscal Year (SFY) 2004-05, resulting from savings from the initiation of a host agency relationship with the Division of Budget, offset by inflationary increases within the agency. The Executive recommends a total Aid to Localities General Fund appropriation of \$74,424,300, an increase of \$10,550,000, or 16.52 percent over SFY 2004-05, resulting from increases in Community Services Programs.

## Legislative Changes

The Assembly rejects the Executive's proposal to initiate a host agency relationship with the Division of the Budget for the administration of training activities.

## Legislative Proposals

The Assembly acknowledges the importance of community-based programs in assisting the elderly to remain at home and avoiding costly institutional placements and accepts the Executive's recommendation to increase spending on community based services for the elderly by \$10,550,000 in State Fiscal Year (SFY) 2005-06. This includes a \$10,000,000 increase in the Expanded-In-Home Services for the Elderly Program (EISEP), a \$250,000 increase in the Community Services for the Elderly (CSE) program, and a new appropriation of \$300,000 for the Elderly Abuse and Education Outreach program.

## Article VII

The Assembly accepts the proposal by the Executive that would extend the Naturally Occurring Retirement Community (NORC) program for two years, from December 31, 2005 to December 31, 2007.

# OFFICE OF ADVOCATE FOR PERSONS WITH DISABILITIES

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	829,000	0	0	0
Special Revenue-Other	361,000	0	0	0
Special Revenue-Federal	3,060,000	0	0	0
Enterprise	25,000	0	0	0
All Funds	0	0	1,675,000	1,675,000
<b>Total for STATE OPERATIONS</b>	<b>4,275,000</b>	<b>0</b>	<b>1,675,000</b>	<b>1,675,000</b>

## Legislative Changes

The Assembly denies the Executive's proposal to consolidate the Office of Advocate for Persons with Disabilities (OAPD) with the Commission on Quality of Care for the Mentally Disabled (CQC) and to create a new agency, the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQC/APD). In denying the consolidation, the Assembly restores programs and funding to be appropriated under OAPD, including a reappropriation of \$2,600,000.

## Legislative Proposals

RESTORE FUNDING TO OFFICE OF ADVOCATE FOR PERSONS W/ DISABILITIES

\$1,675,000

ST/ALL

## Article VII

The Assembly rejects the Executive's proposal to consolidate the Office of Advocate for Persons with Disabilities with the Commission on Quality of Care for the Mentally Disabled.

# DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

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	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
Special Revenue-Federal	4,607,000	4,550,000	4,550,000	0
Enterprise	10,000	10,000	10,000	0
<b>Total for STATE OPERATIONS</b>	<b>4,617,000</b>	<b>4,560,000</b>	<b>4,560,000</b>	<b>0</b>

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## Executive Year-to-Year Change

The Executive recommends an All Funds appropriation of \$4,560,000, a decrease of \$57,000 or 1.23 percent. The decreased appropriation reflects the agency's actual anticipated needs.

## Legislative Changes

The Assembly makes no changes to the Executive's proposal.

# DEPARTMENT OF HEALTH

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	178,082,000	185,165,000	184,565,000	(600,000)
Special Revenue-Other	436,104,200	478,723,000	468,523,000	(10,200,000)
Special Revenue-Federal	4,053,289,700	4,054,898,000	4,054,898,000	0
Enterprise	10,000	10,000	10,000	0
<b>Total for STATE OPERATIONS</b>	<b>4,667,485,900</b>	<b>4,718,796,000</b>	<b>4,707,996,000</b>	<b>(10,800,000)</b>
<b>AID TO LOCALITIES</b>				
General Fund	7,517,604,600	8,031,146,600	8,945,721,600	914,575,000
Special Revenue-Other	4,131,164,000	7,597,614,000	7,584,114,000	(13,500,000)
Special Revenue-Federal	24,231,498,000	24,923,918,000	25,803,918,000	880,000,000
All Funds	0	0	800,000	800,000
Total for Agency	35,880,266,600	40,552,678,600	42,334,553,600	1,781,875,000
Total Contingency	1,476,000,000	1,771,200,000	1,771,200,000	0
<b>Total for AID TO LOCALITIES</b>	<b>37,356,266,600</b>	<b>42,323,878,600</b>	<b>44,105,753,600</b>	<b>1,781,875,000</b>
<b>CAPITAL PROJECTS</b>				
Capital Projects Fund	11,600,000	76,600,000	76,600,000	0
Capital Projects Fund - Advances	21,000,000	185,000,000	185,000,000	0
Federal Capital Projects Fund	65,000,000	65,000,000	65,000,000	0
<b>Total for CAPITAL PROJECTS</b>	<b>97,600,000</b>	<b>326,600,000</b>	<b>326,600,000</b>	<b>0</b>

## Executive Year-to-Year Change

The Executive recommends an All Funds appropriation of \$47,369,274,600, a net increase of \$5,247,922,100, or 12.5 percent, over State Fiscal Year (SFY) 2004-05. The Executive recommends a total State Operations General Fund appropriation of \$185,165,000, an increase of \$7,083,000, or 3.98 percent from State Fiscal Year (SFY) 2004-05, primarily due to negotiated salary increases.

The Executive recommends a total Aid to Localities appropriation of \$40,552,678,600, an increase of \$4,672,412,000, or 13.02 percent over SFY 2004-05 primarily attributable to an increase in Special Revenue Fund – Other appropriations, reflecting the transfer of \$1,649,350,000 in Health Care Reform Act (HCRA) funds to budgeted appropriations. The Executive recommends a total Aid to Localities General Fund appropriation of \$8,031,146,600, an increase of \$513,542,000, or 6.83 percent over SFY 2004-05.

## Legislative Changes

The Assembly rejects the Flexible Fund for Family Services and shifts funding for the Food Pantries, Women, Infants and Children (WIC), and School Based Health Center programs back to Temporary Assistance for Needy Families (TANF).

The Assembly rejects the transfer of both the Newborn Screening and the Immunization programs from the State Insurance Department (SID) to Health Care Reform Act (HCRA) funding.

The Assembly also rejects various new initiatives and program expansions to be funded by HCRA, including the Pay for Performance Demonstration Program, the Health Care Financing - Investigations and Studies Initiative, and the Mobile Dental Van program.

ELIMINATE TAKEOVER TRANSITION FUNDING FOR NON-NYC COUNTIES	-\$20,000,000	ATL/GEN
ELIMINATE GENERAL FUND SPENDING FOR FOOD PANTRIES	-\$11,400,000	ATL/GEN
ELIMINATE HCRA SPENDING FOR THE NEWBORN SCREENING PROGRAM	-\$10,200,000	ST/SRO
ELIMINATE HCRA SPENDING FOR THE IMMUNIZATION PROGRAM	-\$8,000,000	ATL/SRO
ELIMINATE GENERAL FUND SPENDING FOR WOMEN, INFANTS AND CHILDREN (WIC)	-\$4,900,000	ATL/GEN
ELIMINATE GENERAL FUND SPENDING FOR SCHOOL BASED HEALTH CENTERS	-\$3,325,000	ATL/GEN
ELIMINATE HCRA SPENDING FOR THE PAY FOR PERFORMANCE DEMONSTRATION PROGRAM	-\$2,500,000	ATL/SRO
ELIMINATE GENERAL FUND SPENDING FOR ADULT HOME INITIATIVES	-\$2,000,000	ATL/GEN
REDUCE HCRA SPENDING FOR ADULT HOME INITIATIVES	-\$1,000,000	ATL/SRO
ELIMINATE HCRA SPENDING FOR THE HEALTH CARE FINANCING - INVESTIGATIONS AND STUDIES INITIATIVE	-\$1,000,000	ATL/SRO
ELIMINATE HCRA SPENDING FOR MOBILE DENTAL VANS	-\$1,000,000	ATL/SRO
ELIMINATE GENERAL FUND SPENDING FOR FOOD PANTRIES	-\$570,000	ST/GEN
ELIMINATE GENERAL FUND SPENDING FOR FOOD PANTRIES	-\$30,000	ST/GEN

## Legislative Proposals

The Assembly proposes to restore \$871,600,000 State share related to Medicaid actions proposed by the Executive. Of this restoration amount, \$637,800,000 relates to rejection of cuts in Medicaid spending and \$233,800,000 pertains to rejection of new taxes on hospitals and nursing homes.

The Assembly proposes to restore \$316,900,000 State share in cuts and taxes targeted at the hospital industry. Specifically, the Assembly proposes to restore: the hold harmless provision associated with the recalculation of Graduate Medical Education (GME) payments (\$23,300,000); the 2 percent Trend Factor (\$41,400,000); the inpatient detoxification rate for non-complicated services (\$44,500,000); the prohibition on selective contracting for Medicaid fee for service enrollees (\$11,300,000); and specialty rates for mental health outpatient services (\$2,100,000). The Assembly rejects the imposition of a 0.7 percent assessment on hospital revenues (\$194,300,000).

The Assembly also proposes to restore \$214,000,000 State share in cuts and taxes targeted at the nursing home industry. The Assembly rejects the Executive's regional pricing methodology proposal (\$67,900,000), as well as changing the Medicaid Case mix to exclude Medicare and all other non-Medicaid patients (\$57,800,000), eliminating the 2 percent Trend Factor (\$48,800,000). The Assembly also rejects an increase in the nursing home assessment from 5 percent to 6 percent (\$39,500,000).

The Assembly recognizes that case management has the potential to drive down long term care costs. Managed Long Term Care plans have finally become viable treatment options in New York. Therefore, the Assembly rejects the Executive's proposal to freeze premiums for these plans (\$9,900,000).

The Assembly recognizes that the working poor and elderly are among the hardest hit by the Governor's proposed cuts. The Assembly proposes to restore \$294,800,000 in cuts targeted at Medicaid recipients. Specifically, the Assembly proposes to restore: Family Health Plus benefits and co-payments to the current level (\$141,800,000); Family Health Plus facilitated enrollment (\$5,000,000); health plan marketing and enrollment for Managed Care and Family Health Plus (\$23,200,000); Medicaid coverage for other practitioner services, including private duty nursing, clinical psychologists, and audiologists (\$12,500,000); Medicaid coverage for non-clinic non-emergency adult dental services (\$52,600,000); and podiatry services (\$800,000). The Assembly also rejects the Executive's proposals to restrict eligibility for Family Health Plus (\$32,100,000) and Medicaid long term care services (\$26,800,000).

The Assembly further rejects the reclassification of transportation as an administrative service (\$4,400,000). The Assembly also denies authorizing the Commissioner of Health to require the Attorney General to undertake recovery actions.

The Assembly recognizes the need for a Preferred Drug Program, but it must be one that is responsive to a physician's judgment and a patient's needs. The Assembly proposes to restore \$26,000,000 State share to ensure that the physician prevails in both the Preferred Drug Program and the Clinical Drug Review Program and that price alone is not used as a determining factor in the Governor's proposed Clinical Drug Review Program.

In recognition of the growing tax burden Medicaid growth has placed on local taxpayers, the Assembly proposes a hard cap on the local share of Medicaid spending. Effective January 1, 2006, the State would assume full financial responsibility for all local spending growth above 2005 expenditure levels for an additional State share cost of \$75,000,000 above the Governor's takeover proposal. The Assembly further accepts the Executive's proposal to accelerate the full takeover of Family Health Plus for upstate counties to October 1, 2005 from January 1, 2006.

The Assembly proposes that additional State share Medicaid spending be offset with pharmacy rebates. A recent audit conducted by the federal Department of Health and Human Services (HHS), Office of Inspector General (OIG), found that the New York State Department of Health has failed to collect over \$350,000,000 (\$79,750,000 State share) in rebates that are due to the State's Medicaid program from pharmaceutical manufacturers. The Assembly believes the Commissioner should make a determined effort to collect these rebates.

In the SFY 2004-05 enacted budget, the Legislature encouraged the Executive to seek pharmaceutical savings through the federal 340B Discount Drug Program. Through partnering with covered entities (certain safety net health care providers and programs) to purchase and to distribute drugs at steeply discounted prices, the State could realize significant savings. On average, 340B prices are 20 percent lower than post-rebate Medicaid prices and 51 percent lower than average wholesale prices. The Executive has had nearly a year to explore this opportunity. The time has come for action and thus the Assembly takes \$15 million in savings. The HHS audit has already identified an additional \$3.3 million per year in rebate savings that are owed to the Medicaid Program through the 340B Program that DOH has also failed to collect.

### **Health Care Reform Act (HCRA)**

The Assembly accepts the Executive's proposal to extend the Health Care Reform Act (HCRA) through June 30, 2007 and to move all HCRA allocations from off budget pools to on budget appropriations.

The Assembly proposes a restoration of \$2,600,000 for the Individual Subsidy Plan that the Executive proposes to eliminate.

### **Public Health**

The Assembly recognizes the importance of valuable public health programs in preserving the health and well being of the residents of our communities. Thus, the Assembly rejects the Executive's proposal to convert the General Public Health Works program from a spending entitlement into a capped grant program and restores \$10,400,000.

The Assembly accepts the Executive's 30-day amendment that provides \$10,000,000 for Pregnancy Prevention.

The Assembly rejects all of the Executive's proposed changes to the Early Intervention program; these actions would have no fiscal impact in SFY 2005-06.

The Assembly proposes language that would specify that income verification for purposes of eligibility for the EPIC program be conducted by the Department of Tax and Finance rather than the Department of Health, as proposed by the Executive.

The Assembly adds \$3,000,000 in the Office of Temporary and Disability Assistance to support an increase in the State supplement for Supplemental Security Income (SSI) recipients who are residents of Adult Homes.

### **Restructuring and Re-evaluation of New York's Health Care System**

In order to preserve the quality of care in our current health care system and in light of the precarious fiscal condition of many of our health care providers, the Assembly recognizes the imminent need to restore Medicaid cuts, recommended by the Governor, that would have undermined the current health delivery system, ultimately compromising the health care not only of Medicaid recipients but of all New Yorkers. Concomitantly, the Assembly is fully aware that the State can no longer continue year after year to make short-term solutions to the problem of burgeoning Medicaid growth. We must now assume a proactive role in restructuring the current health care system to ensure its affordability, efficiency and effectiveness in providing quality health care services, both in the short term and for future generations of New Yorkers. In an effort to develop long-term solutions to the issues that continue to threaten the stability of the health care system, the Assembly proposes the following initiatives.

#### **New York Medicaid Institute**

Achieving reform of the State's Medicaid program is one of the most challenging and complex tasks facing the Legislature. Real reform, that which insures the cost-effective and efficient delivery of quality services to Medicaid recipients, requires policies that are based on the most up-to-date information available and reflective of best practices. To accomplish this objective, a professional, independent analysis of the operations of the Medicaid program is required. The Assembly, therefore, proposes the creation of the New York Medicaid Institute at the United Hospital Fund (NYMI). The mission of NYMI would include:

- development and presentation of up-to-date information and analysis regarding the operation of the Medicaid, Family Health Plus and the Child Health Plus programs;
- development and testing of innovative ideas for Medicaid system improvement;
- annual analysis of Medicaid utilization and spending;
- periodic assessments of the impact of major policy proposals on enrollment and spending in New York State's public insurance programs;
- examination of the business processes by which Medicaid works and the development of strategies for streamlining administration and increasing efficiency through the innovative use of information technology; and
- coordination with State decision-makers, health care stakeholders, and community advocates to restructure New York's Medicaid program over a three to five year period.

#### **Management of High Cost Cases**

A significant portion of Medicaid expenditures are incurred by a rather small percentage of Medicaid cases. These high cost cases primarily consist of the elderly and disabled populations. The Assembly proposes to explore ways to reduce the costs associated with serving these populations, while providing care that is clinically effective and better managed. In this regard, the Assembly proposes three initiatives.

Disease management demonstration programs. Last year, the Legislature authorized the Department of Health to create disease management demonstration programs under Medicaid. To date, none have been created. The Assembly supports implementing these programs on a broader scale than was previously proposed.



Medicaid managed care demonstration programs. People with disabilities and other complex cases have been excluded from Medicaid managed care. While there are serious concerns about bringing this population into managed care, the Assembly supports the creation of demonstration programs to determine whether it is feasible to include such individuals and how it should be accomplished

Managed long term care (MLTC) and Programs of All-Inclusive Care for the Elderly (PACE). In preparation for the 2006 renewal of the MLTC legislation, the Assembly not only rejects the Executive's proposal to freeze MLTC premiums but also plans to investigate the Executive's handling of the MLTC program. Additionally, the Assembly proposes to extend the June 2005 sunset of the PACE programs and to enlist the assistance of the NYMI in evaluating the cost effectiveness of both programs.

### **Health Care Restructuring Commission**

There is growing concern that New York has excess capacity in hospitals and nursing homes and that downsizing, consolidating and closing could provide significant savings and efficiencies in the health care system. Although this may be true, vulnerable hospitals should not be forced to close precisely because they take care of New York's poor and uninsured constituents. The Assembly proposes a broad-based health care restructuring commission to examine capacity of the health care system, determine whether savings can be achieved through realignment of facilities, develop criteria to evaluate the health delivery system, and create a plan for ensuring that the State has adequate capacity based on the needs of New Yorkers.

The commission should have a bi-partisan membership and be representative of all sectors of the health care system. It would be responsible for studying the State's health care delivery and determining whether there were opportunities to improve the delivery of service by restructuring of the system. The commission would develop criteria that could be used to evaluate the effectiveness and efficiency of the system and would conduct periodic public meetings in all regions of the State to collect data on health services, facilities, and the needs of persons accessing the system. Findings and recommendations of the commission will be submitted first to the Governor and then the Legislature for review and action.

The commission would help the State and localities manage closures and downsizings in a way that would minimize disruption to the communities served by the affected health care facilities.

### **Control Prescription Drug Costs**

The Assembly recognizes that increased prescription drug cost sharing for the poor and the elderly reduces their use of and access to prescription drugs. Prescription drugs are the least-controlled and fastest-growing component of Medicaid spending. The Assembly proposes:

- to create a preferred drug list (PDL) program with strong consumer safeguards, including protections that allow physicians to make final decisions, exclude drugs for the treatment of vulnerable populations, make available an emergency supply of the drug prescribed when an emergency condition exists, and establish an approval process to guard against undue delay;
- to ensure consistency in treatment by including the Elderly Pharmaceutical Insurance Program (EPIC) in the preferred drug list program; and
- to create a prescription drug assistance program to provide access to prescription drugs and membership organizations at discounted costs by obtaining appropriate rebates from pharmaceutical manufacturers and to coordinate such program with the PDL program, lowering the prices for the discount program and giving Medicaid stronger bargaining leverage for the PDL.

## Simplification of Recertification for Medicaid, Family Health Plus (FHP), and Child Health Plus (CHP)

As many as fifty to sixty percent of enrollees in Medicaid, FHP and CHP are “churned” in and out of coverage at recertification because of complex application and documentation requirements even though they remain eligible for coverage. These gaps or losses in coverage disrupt the continuity of care and result in increased illness acuity and care costs. Additionally, the task of re-enrolling and re-certifying individuals for health care coverage unnecessarily increases the administrative expenses incurred by health plans. In response, the Assembly proposes to simplify the recertification process for these programs by authorizing procedures such as biennial recertification and the attestation of eligibility information by enrollees.

## Employer Partnership for Medicaid, FHP and CHP

The Assembly strongly believes that low income employees should not be denied access to public health care programs simply because their employers fail to offer or to provide affordable health care coverage. At the same time, the Assembly recognizes that many employers simply cannot afford to provide their workers with adequate health care benefits. In order to assist employers with providing coverage for low-income employees, the Assembly proposes a premium assistance initiative that would allow the State to pay the employee’s share of the premium charged by the employer’s health plan for individuals otherwise eligible for Medicaid, FHP and CHP. In addition to paying premiums, CHP, FHP or Medicaid would pay any of the employee’s co-payments and deductibles under the employer’s plan.

As an alternative to choosing premium assistance, employees eligible for or enrolled in CHP, Family Health Plus or Medicaid could choose an employer “buy-in” option that would allow them to remain in CHP, FHP or Medicaid if the employer consents to pay the State an assessment equal to the amount the employer would have paid if the employee was receiving coverage under the employer’s health plan.

## Reform of the Health Care Reform Act

The Health Care Reform Act is of the primary funding sources of New York State’s health care system. In order to obtain accurate and up-to-date information about HCRA spending, the Assembly proposes reforming the Health Care Reform Act by accepting the Executive’s proposal to move HCRA spending on budget. Additionally, the Assembly proposes to require a more detailed financial plan that includes disaggregated data on pool receipts and expenditures to provide policy makers and others with more complete information on the assumptions included in the Executive Budget.

The Assembly provides funding for the following:

MEDICAID ADDITIONAL FEDERAL FUNDS	\$880,000,000	ATL/SRF
REJECT ESTABLISHING 0.7 PERCENT ASSESSMENT ON HOSPITAL REVENUE	\$194,300,000	ATL/GEN
REJECT REDUCING FAMILY HEALTH PLUS BENEFITS	\$141,800,000	ATL/GEN
IMPOSE A HARD CAP ON LOCAL MEDICAID SPENDING	\$75,000,000	ATL/GEN
REJECT REGIONAL PRICING	\$67,900,000	ATL/GEN
REJECT MEDICAID ONLY CASE MIX	\$57,800,000	ATL/GEN
REJECT THE ELIMINATION OF ADULT DENTAL COVERAGE	\$52,600,000	ATL/GEN
REJECT ELIMINATING THE TWO PERCENT TREND FACTOR FOR NURSING HOMES	\$48,800,000	ATL/GEN
REJECT REDUCING IP DETOX RATES FOR NON-COMPLICATED SERVICES TO THE COMMUNITY RATE	\$44,500,000	ATL/GEN
REJECT THE ELIMINATION OF TWO PERCENT TREND FACTOR	\$41,400,000	ATL/GEN
REJECT INCREASING NURSING HOME ASSESSMENT FROM FIVE PERCENT TO SIX PERCENT	\$39,500,000	ATL/GEN
REJECT FAMILY HEALTH PLUS ELIGIBILITY REDUCTION	\$32,100,000	ATL/GEN
REJECT DECREASING MEDICAID LONG TERM CARE ELIGIBILITY	\$26,800,000	ATL/GEN
REJECT LIMIT OF GME REIMBURSEMENT TO ACTUAL COSTS	\$23,300,000	ATL/GEN
REJECT MANAGED CARE MARKETING AND ENROLLMENT CAP	\$23,200,000	ATL/GEN
RESTORE PRIOR AUTHORIZATION - CLINICAL DRUG REVIEW PROGRAM	\$19,200,000	ATL/GEN
REJECT ELIMINATING OTHER PRACTITIONERS SERVICES	\$12,500,000	ATL/GEN
REJECT SELECTIVE CONTRACTING FOR SPECIALTY SERVICES	\$11,300,000	ATL/GEN
PUBLIC HEALTH - ARTICLE 6	\$10,400,000	ATL/GEN
REJECT FREEZE ON MANAGED LONG TERM CARE PREMIUMS	\$9,900,000	ATL/GEN

REJECT PREFERRED DRUG PROGRAM	\$6,800,000	ATL/GEN
REJECT ATTORNEY GENERAL RECOVERY ACTIONS	\$5,600,000	ATL/GEN
REJECT THE ELIMINATION OF FAMILY HEALTH PLUS FACILITATED ENROLLMENT	\$5,000,000	ATL/GEN
REJECT RECLASSIFICATION OF TRANSPORTATION AS AN ADMINISTRATIVE EXPENSE	\$4,400,000	ATL/GEN
HEALTH CARE REFORM ACT - INDIVIDUAL SUBSIDY	\$2,600,000	ATL/SRO
REJECT THE ELIMINATION OF SPECIALTY RATES FOR MH OUTPATIENT	\$2,100,000	ATL/GEN
REJECT THE ELIMINATION OF PODIATRY SERVICES	\$800,000	ATL/ALL

## ARTICLE VII

The Assembly proposes the following actions on Article VII legislation recommended by the Executive.

### Part A: Public Health Programs

The Assembly accepts elimination of the Endoscopy Study (Chapter 438 of the Laws of 2002); Reflex Sympathetic Dystrophy Syndrome Prevention and Education Program (Chapter 429 of the Laws of 2002); Tattooing and Body Piercing License and Regulation Program (Chapter 562 of the Laws of 2001), and the Durable Home Medical Equipment (DME) Regulatory Program (Chapter 618 of the laws of 2002).

The Assembly rejects converting the General Public Works Program (Article 6) from an entitlement to a grant program and the various proposed changes to the Early Intervention (EI) Program.

The Assembly modifies the Executive's proposal to finance the Physician Profiling Program permanently from the Office of Professional Medical Conduct (OPMC) to allow such financing to occur for the 2005-06 fiscal year.

The Executive proposes to allow the Department of Health to use income tax information from The Department of Tax and Finance to verify income and appropriate benefit level in the EPIC program. The Assembly modifies this proposal to have such income verification performed by the Department of Tax and Finance.

### Part B: The Health Care Reform Act (HCRA)

The Assembly accepts:

- extending HCRA authorization for two years through June 30, 2007;
- replacing individual pool accounts with one general on-budget HCRA account, called The Health Care Reform Act Resources Pool;
- extending current allocations from the Tobacco Control and Insurance Incentives Pool;
- extending current allocations from the Health Care Initiatives pool;
- extending authority to distribute GME indigent care payments and allocating revenue to the Indigent Care pool;
- continuing Workforce Recruitment and Retention funding;
- extending Child Health Plus (CHP), freezing CHP premiums at the current rate, providing income verification on enrollment;
- expanding State Planning and Research Cooperative System (SPARCS) to include ambulatory data from hospitals and clinics;
- establishing a demonstration program for the creation of Transitional Care Units for Medicare recipients;

- increasing the Covered Lives Assessment from \$725,000,000 to \$775,000,000;
- increasing surcharges from 8.85 percent to 8.95 percent for private payers and from 6.47 percent to 6.54 percent for governmental payers;
- restructuring the nursing home quality improvement grants to provide a direct link to improving quality;
- eliminating the catastrophic health care program;
- extending the rural health program;
- increasing the total bond authority for HEAL NY to \$750 million;
- expanding the flexibility between the \$200 million General Fund loan repayment and pool flexibility;
- consolidating pool administration;
- uncapping the number of disease management demonstration programs;
- adding Managed Long Term Care demonstration programs;
- modifying the allocation for the public health program to include funding for pregnancy prevention; and
- extending the home care demonstration program through June 30, 2007.

The Assembly rejects:

- implementing a new Pay for Performance program;
- expanding authorization for the purchase of mobile dental vans;
- discontinuing presumptive enrollment for Medicaid eligible children; and
- providing the commissioner the authority to revise hospital bad debt and charity care methodology through the regulation process.

The Executive proposes language which would exempt group and blanket accident and health policies for students from the covered lives assessment. The Assembly accepts this proposal, but modifies the language to require the pass through of the savings to policyholders.

#### **Part C: The Medical Assistance (Medicaid) Program**

The Assembly accepts:

- accelerating Family Health Plus takeover from January 1, 2006 to October 1, 2006 for all counties except New York City;
- increasing pharmacy co-payments from fifty cents to one dollar for generics and from two dollars to three dollars for brand name drugs, and increasing the limit on maximum co-payments that can be made annually from one hundred dollars to two hundred dollars;

- removing drug costs of dual eligibles from the nursing home rate and shifting these costs to Medicare Part D;
- eliminating the administrative and general savings cap on certified home health agencies;
- Imposing an administrative and general savings cap on the long term home health care program (LTHHCP);
- authorizing counties to implement demonstration programs that would enhance rates for CHHA's that care for individuals with complex medical needs, support caregivers through the provision of respite services and assist family members with providing personal care services;
- continuing hospital intergovernmental transfer (IGT) and upper payment limits (UPL) payments and requiring that such payments remain with these facilities and cannot be transferred to local government entities;
- exempting managed long term care from Medicaid co-payments;
- imposing a Medicaid utilization threshold on continuing day treatment services by repealing these services from the statutorily prescribed list of services currently exempt from utilization thresholds;
- clarifying that fee for service continuing care retirement communities (CCRCs) may obtain industrial department agency (IDA) financing, consistent with recently enacted legislation for Continuing Care Retirement Communities.
- reducing the Quality Improvement Demonstration Program by 50 percent.

The Assembly rejects:

- eliminating specialty rates for dually licensed mental health out patient specialty programs;
- providing transitional funding for Medicaid relief for counties outside New York City;
- limiting graduate medical payments to actual costs;
- re-establishing a 0.7 percent non-reimbursable assessment on total hospital revenues;
- establishing a regional pricing system for nursing homes and the adult day health program;
- eliminating the right of spousal refusal, extending the look-back period from 36 months to 60 months, imposing an asset transfer penalty on home care services, and requiring the penalty period for asset transfers to begin on the date services are received, instead of the date the transfer was made;
- reducing Family Health Plus benefits to the Healthy NY level, and imposing higher co-pays, restricting eligibility, and eliminating facilitated enrollment;
- eliminating adult non-emergency dental services except in Article 28 settings, private duty nursing, psychology, audiology services for adults, and podiatry as a stand-alone clinic service;
- authorizing the department of health to selectively contract with hospitals for targeted high cost procedures for non-managed care patients;
- reducing hospital inpatient detoxification rates;
- removing the cost of Medicare and the cost of all other non-Medicaid patients from the nursing home Medicaid case mix index (CMI);

- re-classifying transportation as an administrative service;
- granting broad waiver authority to the Commissioner of Health;
- eliminating the two percent trend factor for hospitals and nursing homes; and
- increasing the reimbursable nursing home assessment from 5 percent to 6 percent and making the assessment tax deductible for private pay patients.

The Executive proposes a plan to assume a significant share of local Medicaid growth by January 1, 2008. The Assembly rejects the Governor's plan and instead proposes a hard cap on the local share of Medicaid spending, effective January 1, 2006, whereby the State would assume full financial responsibility for all local growth above 2005 expenditure levels.

The Executive proposes to implement a Preferred Drug Program (PDP) and to require prior authorization of drugs not on the PDP. The Assembly accepts this proposal with additional consumer safeguards, including protections that would allow physicians to make final decisions under both the PDP and the clinical drug review program (CDRP) and would eliminate cost as a factor in the CDRP.

The Assembly rejects authorizing the Attorney General to pursue asset recoveries upon the request of the Commissioner of Health.

# DEPARTMENT OF MENTAL HYGIENE

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	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
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<b>STATE OPERATIONS</b>				
General Fund	(200,000,000)	(150,000,000)	(150,000,000)	0
Special Revenue-Other	200,000,000	150,000,000	150,000,000	0

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## Executive Year-to-Year Change

The Executive recommends a Special Revenue Fund-Other appropriation of \$150,000,000, reflecting a decrease of \$50,000,000 or 25 percent in the PIA. The Executive does not anticipate generating as much revenue from debt refinancing in SFY 2005-06.

## Legislative Changes

The Assembly makes no changes to the Executive's proposal.

# OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	48,706,000	46,681,000	44,681,000	(2,000,000)
Special Revenue-Other	23,464,000	24,832,000	26,832,000	2,000,000
Special Revenue-Federal	6,599,000	6,221,000	6,221,000	0
<b>Total for STATE OPERATIONS</b>	<b>78,769,000</b>	<b>77,734,000</b>	<b>77,734,000</b>	<b>0</b>
<b>AID TO LOCALITIES</b>				
General Fund	244,200,000	256,300,000	259,700,000	3,400,000
Special Revenue-Other	6,540,000	6,540,000	6,540,000	0
Special Revenue-Federal	147,211,000	145,311,000	145,311,000	0
<b>Total for AID TO LOCALITIES</b>	<b>397,951,000</b>	<b>408,151,000</b>	<b>411,551,000</b>	<b>3,400,000</b>
<b>CAPITAL PROJECTS</b>				
Capital Projects Fund	9,180,000	9,200,000	9,200,000	0
Mental Hygiene Capital Improvement Fund-389	27,750,000	29,450,000	29,450,000	0
<b>Total for CAPITAL PROJECTS</b>	<b>36,930,000</b>	<b>38,650,000</b>	<b>38,650,000</b>	<b>0</b>

## Executive Year-to-Year Change

The Executive proposes an All Funds appropriation of \$524,535,000, an increase of \$10,885,000, or 2.1 percent. On an All Funds basis, the State Operations appropriation decreases by \$1,035,000, or 1.31 percent. The Aid to Localities All Funds appropriation increases by \$10,200,000, or 2.56 percent. The Capital Projects All Funds appropriation increases by \$1,720,000, or 4.66 percent.

## Legislative Changes

The Assembly re-estimates federal salary sharing revenues generated as State employees perform federally reimbursable functions, increasing the Federal Salary Sharing Account offset by \$2,000,000 and, thereby reducing the General Fund appropriation required by \$2,000,000. There have been cash balances in the Salary Sharing Account in prior years.

GENERAL FUND SAVINGS FROM INCREASE IN OFFSET FUNDS.	-\$2,000,000	ST/GEN
RE-ESTIMATE OF FEDERAL SALARY SHARING REVENUE.	\$2,000,000	ST/SRO

## Legislative Proposals

The Governor proposes decreasing funding for alcoholism and substance abuse prevention programs in New York City schools by \$3,100,000. The Assembly proposes full restoration of this funding to support programs which serve as the first line of defense against drug and alcohol abuse.



The Executive proposes an increase of \$8,500,000 in State aid to address the high rates of direct care worker turnover and growing deficits experienced by residential treatment providers. The Assembly concurs with this action.

The Assembly also accepts an increase of \$4,200,000 for the Managed Addiction Treatment Services (MATS) program to increase the availability of case management services that direct high volume users of Medicaid services to the most efficient and effective modes of service available. The Assembly supports an increase of \$1,000,000, proposed by the Executive, for the Compulsive Gambling Prevention and Treatment Program, as well as the Executive's proposal to shift statutory authority for compulsive gambling education and treatment services to the Office of Alcoholism and Substance Abuse Services.

Abuse of methamphetamine and methamphetamine hydrochloride (crystal meth) threatens to reach the same crisis proportions as did crack cocaine in the 1980s. The Assembly provides \$300,000 to initiate demonstration projects aimed at developing strategies of prevention, treatment and interdiction in this area.

NEW YORK CITY SCHOOLS ALCOHOL AND DRUG ABUSE PREVENTION PROGRAM	\$3,100,000	ATL/GEN
METHAMPHETAMINE ABUSE TREATMENT AND PREVENTION DEMONSTRATION PROJECT	\$300,000	ATL/GEN

## Article VII

The Assembly accepts the Executive's proposal to transfer statutory authority for the Compulsive Gambling Education and Treatment Program from the Office of Mental Health to the Office of Alcoholism and Substance Abuse Services.

# OFFICE OF MENTAL HEALTH

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	640,146,000	587,210,000	587,210,000	0
Special Revenue-Other	512,325,000	604,196,000	604,196,000	0
Special Revenue-Federal	1,272,000	1,272,000	1,272,000	0
Internal Service Fund	2,466,300	2,509,000	2,509,000	0
Enterprise	8,367,000	8,349,000	8,349,000	0
<b>Total for STATE OPERATIONS</b>	<b>1,164,576,300</b>	<b>1,203,536,000</b>	<b>1,203,536,000</b>	<b>0</b>
<b>AID TO LOCALITIES</b>				
General Fund	746,961,000	773,924,000	776,024,000	2,100,000
Special Revenue-Other	75,035,000	80,285,000	80,285,000	0
Special Revenue-Federal	41,129,000	40,584,000	40,584,000	0
<b>Total for AID TO LOCALITIES</b>	<b>863,125,000</b>	<b>894,793,000</b>	<b>896,893,000</b>	<b>2,100,000</b>
<b>CAPITAL PROJECTS</b>				
Capital Projects Fund	43,010,000	43,010,000	43,010,000	0
Mental Hygiene Capital Improvement Fund-389	95,785,000	220,804,000	220,804,000	0
<b>Total for CAPITAL PROJECTS</b>	<b>138,795,000</b>	<b>263,814,000</b>	<b>263,814,000</b>	<b>0</b>

## Executive Year-to-Year Change

The Executive proposes an All Funds appropriation of \$2,362,143,000, an increase of \$195,646,700, or 9.0 percent. On an All Funds basis the State Operations appropriation increases by \$38,959,700, or 3.35 percent. The Aid to Localities All Funds appropriation increases \$31,668,000, or 3.67 percent. The Capital Projects appropriation increases \$125,019,000, or 90.07 percent.

## Legislative Proposals

The Governor's proposed budget again decreases support for consumer oriented mental health services. The Assembly proposes a restoration of \$2,100,000 to maintain such services as legal advocacy, respite, peer support, and drop-in centers. The Executive proposes a \$6,000,000 increase to support the State Share of a Medicaid increase for Article 31 mental health clinic programs. The Executive's proposal for allocating this increase is vague with no clear criteria for implementation. As Article 31 clinics provide basic mental health services to the working poor and undocumented immigrants and as many of these clinics are currently facing financial distress, the Assembly believes the additional funding should be used solely to support an across the board Medicaid fee increase for services to children and adults provided in Article 31 clinics.

The Assembly concurs with the Executive's proposed expansion of housing opportunities for homeless mentally ill persons through new appropriations of \$7,000,000 to add 600 new supported housing units, \$8,000,000 for the operational costs of 274 adult and 84 children's beds in the development "pipeline," and \$75,000,000 in bond

proceeds to fund construction of single room occupancy facilities. Up to \$60,000,000 of the \$75,000,000 would be matched on a dollar for dollar basis by municipalities or not-for-profit agencies.

The Assembly supports the Executive's proposed \$6,500,000 to increase the stipends for scattered site housing for the mentally ill, an action that will serve to stabilize housing placements by relieving inflationary pressure. The Assembly also concurs with the Executive's appropriation of \$5,250,000 in Health Care Reform Act (HCRA) funds to expand case management services for residents of Adult Homes.

The Executive proposes a new appropriation of \$2,340,000 in the Office of Children and Family Services' budget to expand the number of home and community based services waiver slots available to children with serious emotional disturbances. The Assembly supports this increase in the availability of mental health services to children at risk of out-of-home placement in the foster care system.

ADULT SERVICES PROGRAM-CONSUMER ORIENTED MENTAL HEALTH SERVICES-RESTORATION	\$2,100,000	ATL/GEN
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## Article VII

The Assembly rejects the Executive's proposal to close the Middletown Psychiatric Center on April 1, 2006.

The Assembly accepts the Executive's proposal to transfer statutory authority for the Compulsive Gambling Education and Treatment Program from the Office of Mental Health to the Office of Alcoholism and Substance Abuse Services.

# OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	175,026,000	507,221,000	502,221,000	(5,000,000)
Special Revenue-Other	1,126,854,000	846,649,000	851,649,000	5,000,000
Special Revenue-Federal	230,000	230,000	230,000	0
Internal Service Fund	150,000	150,000	150,000	0
Enterprise	2,361,700	2,374,000	2,374,000	0
<b>Total for STATE OPERATIONS</b>	<b>1,304,621,700</b>	<b>1,356,624,000</b>	<b>1,356,624,000</b>	<b>0</b>
<b>AID TO LOCALITIES</b>				
General Fund	709,146,000	409,689,000	409,689,000	0
Special Revenue-Other	837,695,000	1,212,695,000	1,212,695,000	0
<b>Total for AID TO LOCALITIES</b>	<b>1,546,841,000</b>	<b>1,622,384,000</b>	<b>1,622,384,000</b>	<b>0</b>
<b>CAPITAL PROJECTS</b>				
Capital Projects Fund	49,864,000	56,257,000	56,257,000	0
Mental Hygiene Capital Improvement Fund-389	39,272,000	80,023,000	80,023,000	0
<b>Total for CAPITAL PROJECTS</b>	<b>89,136,000</b>	<b>136,280,000</b>	<b>136,280,000</b>	<b>0</b>

## Executive Year-to-Year Change

The Executive proposes an All Funds appropriation of \$3,115,288,000, an increase of \$174,689,300, or 5.9 percent from State Fiscal Year (SFY) 2004-05 levels. On an All Funds basis, the State Operations appropriation increases by \$52,002,300, or 3.99 percent from SFY 2004-05 levels. The Aid to Localities All Funds appropriation increases by \$75,543,000, or 4.88 percent from SFY 2004-05 levels. The Capital Projects All Funds appropriation increases \$47,144,000, or 52.89 percent from SFY 2004-05 levels.

## Legislative Changes

An analysis of Patient Income Account (PIA) fund balances over an eleven year period shows that for each of the eleven years, the account has had substantial fund balances at the end of the fiscal year. The fund balance at the end of SFY 2004-05 is estimated at more than \$5,000,000. The Assembly proposes that \$5,000,000 of the balance in the PIA be used to offset General Fund spending.

FUND BALANCE OFFSETS TO THE GENERAL FUND  
PATIENT INCOME ACCOUNT RE-ESTIMATE

-\$5,000,000    ST/GEN  
\$5,000,000    ST/SRO

## Legislative Proposals

The Assembly endorses the Executive's continuation of full support for NYS-CARES and NYS-CARES II programs and proposes to monitor the Executive's development and implementation of the Options for People Through Services (OPTS) initiative.

# COMMISSION ON QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	3,751,000	4,012,000	0	(4,012,000)
Special Revenue-Other	3,483,000	3,851,000	0	(3,851,000)
Special Revenue-Federal	11,400,000	7,249,000	0	(7,249,000)
Enterprise	45,000	45,000	0	(45,000)
<b>Total for STATE OPERATIONS</b>	<b>18,679,000</b>	<b>15,157,000</b>	<b>0</b>	<b>(15,157,000)</b>
<b>AID TO LOCALITIES</b>				
General Fund	170,000	293,000	0	(293,000)
Special Revenue-Other	418,000	418,000	0	(418,000)
<b>Total for AID TO LOCALITIES</b>	<b>588,000</b>	<b>711,000</b>	<b>0</b>	<b>(711,000)</b>

## Legislative Changes

The Assembly denies an Executive proposal that would have consolidated the Commission on Quality of Care for the Mentally Disabled (CQC) with the Office of Advocate for Persons with Disabilities (OAPD) and created a new agency; the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQC/APD). In denying the consolidation, the Assembly restores \$1,675,000 to the Office of Advocate for Persons with Disabilities and restores \$14,193,000 to the Commission on Quality of Care for the Mentally Disabled.

DENY AGENCY CONSOLIDATION.	-\$7,249,000	ST/SRF
DENY AGENCY CONSOLIDATION.	-\$4,012,000	ST/GEN
DENY AGENCY CONSOLIDATION.	-\$3,851,000	ST/SRO
DENY AGENCY CONSOLIDATION.	-\$418,000	ATL/SRO
DENY AGENCY CONSOLIDATION.	-\$293,000	ATL/GEN
DENY AGENCY CONSOLIDATION.	-\$45,000	ST/ENT

## Article VII

The Assembly rejects the Executive's proposal to consolidate the Commission on Quality of Care for the Mentally Disabled with the Office of Advocate for Persons with Disabilities.

# COMMISSION ON QUALITY OF CARE FOR THE MENTALLY DISABLED

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
<b>STATE OPERATIONS</b>				
General Fund	2,810,000	0	0	0
Special Revenue-Other	3,021,000	0	0	0
Special Revenue-Federal	8,334,000	0	0	0
Enterprise	20,000	0	0	0
All Funds	0	0	13,482,000	13,482,000
<b>Total for STATE OPERATIONS</b>	<b>14,185,000</b>	<b>0</b>	<b>13,482,000</b>	<b>13,482,000</b>
<b>AID TO LOCALITIES</b>				
General Fund	170,000	0	0	0
Special Revenue-Other	418,000	0	0	0
All Funds	0	0	711,000	711,000
<b>Total for AID TO LOCALITIES</b>	<b>588,000</b>	<b>0</b>	<b>711,000</b>	<b>711,000</b>

## Legislative Changes

The Assembly denies the Executive's proposal to consolidate the Commission on Quality of Care for the Mentally Disabled (CQC) with the Office of Advocate for Persons with Disabilities (OAPD) and to create a new agency, the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQC/APD). In denying the consolidation, the Assembly restores programs and funding to be appropriated under CQC.

## Legislative Proposals

RESTORE FUNDING TO THE COMMISSION ON QUALITY OF CARE FOR THE MENTALLY DISABLED	\$13,482,000	ST/ALL
RESTORE FUNDING TO THE COMMISSION ON QUALITY OF CARE FOR THE MENTALLY DISABLED	\$711,000	ATL/ALL

## Article VII

The Assembly rejects the Executive's proposal to consolidate the Commission on Quality of Care for the Mentally Disabled with the Office of Advocate for Persons with Disabilities.

## MISCELLANEOUS: HEALTH & MENTAL HYGIENE

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	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
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<b>STATE OPERATIONS</b>				
General Fund	65,000,000	0	0	0
<b>Total for STATE OPERATIONS</b>	<b>65,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Miscellaneous Guarantee Appropriations				
General Fund	65,000,000	0	0	0
<b>Total for Program</b>	<b>65,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

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