

HEALTH & MENTAL HYGIENE

**Summary of Enacted Appropriations
By Agency**

OFFICE OF ADVOCATE FOR PERSONS WITH DISABILITIES

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
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STATE OPERATIONS				
General Fund	951,000	829,000	829,000	0
Special Revenue-Other	157,000	361,000	361,000	0
Special Revenue-Federal	460,000	3,060,000	3,060,000	0
Enterprise	25,000	25,000	25,000	0
Total for STATE OPERATIONS	1,593,000	4,275,000	4,275,000	0

LEGISLATIVE ACTION

The Legislature concurs with the Executive recommendation.

OFFICE FOR THE AGING

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	2,291,000	2,241,000	2,241,000	0
Special Revenue-Other	250,000	250,000	250,000	0
Special Revenue-Federal	10,250,000	10,250,000	10,250,000	0
Enterprise	100,000	100,000	100,000	0
Total for STATE OPERATIONS	12,891,000	12,841,000	12,841,000	0
AID TO LOCALITIES				
General Fund	64,662,945	63,874,300	64,662,945	788,645
Special Revenue-Other	1,000,000	1,000,000	1,000,000	0
Special Revenue-Federal	105,100,000	106,100,000	106,100,000	0
Total for AID TO LOCALITIES	170,762,945	170,974,300	171,762,945	788,645

LEGISLATIVE ACTION

The Legislature provides \$184,603,945 on an All Funds basis, a net increase of \$788,645 from the Executive budget submission.

Legislative Changes

The Legislature provides a total of \$788,645 in local assistance funding in the State Office for the Aging (SOFA) to restore senior programs that were reduced in the Executive's proposed Budget for State Fiscal Year (SFY) 2004-05.

The Legislature restores \$528,030 to the Expanded In-Home Services for the Elderly Program (EISEP), a Program that provides in-home, non-medical care for the frail elderly who are not eligible for Medicaid.

The Legislature also restores \$202,215 to the Community Services for the Elderly (CSE) Program, a Program that provides community-based supportive services to frail, low-income elderly who need assistance in order to maintain their independence at home. The Legislature further restores \$58,400 in the Long-Term Care Ombudsman Program, a Program that safeguards the rights of elderly and disabled nursing home and adult home residents.

The Legislature accepts the Executive's proposal to initiate a host agency relationship with the Department of Health (DOH) and have DOH assume all of the Agency's human resources activities.

Of major interest to the senior community, although not administered by the State Office for the Aging, is the Elderly Pharmaceutical Insurance Coverage (EPIC) Program. The Legislature denies the Executive's proposal to reduce drug reimbursement rates for pharmacies participating in the EPIC Program from the Average Wholesale Price (AWP) minus 12 percent to 15 percent for brand name drugs, and from AWP minus 12 percent to AWP minus 30 percent for generic drugs. Instead, the Legislature provides a partial restoration totaling \$22,600,000, bringing pharmacy reimbursement to AWP minus 12.75 percent for brand name drugs and AWP minus 16.5 percent for generic drugs.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION	VETO#
(EISEP) - EXPANDED IN-HOME SERVICES FOR THE ELDERLY PROGRAM	\$528,030	117
COMMUNITY SERVICES FOR THE ELDERLY (CSE) PROGRAM	\$202,215	116
LONG TERM CARE OMBUDSMAN PROGRAM	\$58,400	118

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
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STATE OPERATIONS				
Special Revenue-Federal	4,550,000	4,550,000	4,550,000	0
Enterprise	0	10,000	10,000	0
Total for STATE OPERATIONS	4,550,000	4,560,000	4,560,000	0

LEGISLATIVE ACTION

The Legislature concurs with the Executive recommendation.

DEPARTMENT OF HEALTH

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	165,891,600	170,519,000	168,319,000	(2,200,000)
Special Revenue-Other	422,839,000	430,566,000	428,566,000	(2,000,000)
Special Revenue-Federal	3,961,720,000	4,049,572,000	4,049,572,000	0
Enterprise	10,000	10,000	10,000	0
Total for STATE OPERATIONS	4,550,460,600	4,650,667,000	4,646,467,000	(4,200,000)
AID TO LOCALITIES				
General Fund	6,742,928,500	7,046,779,600	7,497,379,600	450,600,000
Special Revenue-Other	4,557,864,000	4,286,064,000	4,350,664,000	64,600,000
Special Revenue-Federal	23,704,913,000	23,801,398,000	24,231,498,000	430,100,000
Total for Agency	35,005,705,500	35,134,241,600	36,079,541,600	945,300,000
Total Contingency	1,230,000,000	1,476,000,000	1,476,000,000	0
Total for AID TO LOCALITIES	36,235,705,500	36,610,241,600	37,555,541,600	945,300,000
CAPITAL PROJECTS				
Capital	0	0	250,000,000	250,000,000
Capital Projects Fund	76,600,000	97,600,000	97,600,000	0
Total for CAPITAL PROJECTS	76,600,000	97,600,000	347,600,000	250,000,000

LEGISLATIVE ACTION

The Legislature provides \$41,073,608,600 for the Department of Health (DOH) on an All Funds basis, a net increase of \$1,191,100,000 over the Executive budget submission. This net increase reflects restorations to the State's Medical Assistance (Medicaid) Program and to public health programs in DOH, as well as new and reprogrammed funding in the Health Care Reform Act (HCRA) and new authorization for capital spending.

Legislative Reductions

The Legislature reduces the Executive's proposed budget by:

- \$234,000,000 (Special Revenue Other/Aid to Localities) in the Medical Assistance Program by denying the re-establishment of a 0.7 percent assessment on hospitals for inpatient and outpatient services, denying the 0.7 percent assessment on home care providers, and reducing the assessment on nursing homes from the Governor's proposed 6 percent to 5 percent;

- \$18,200,000 (Special Revenue Other/Aid to Localities) in the Elderly Pharmaceutical Insurance Coverage (EPIC) Program to reflect increased savings associated with automatically enrolling low-income seniors in the Federal Medicare Drug Discount Program; and,
- \$3,200,000 (General Fund/State Operations) in Maintenance Undistributed to reflect an agencywide non-personal service reduction.

Legislative Changes

The Legislature provides \$771,100,000 in total funding in actions affecting the Medical Assistance (Medicaid) Program, public health programs, and the Health Care Reform Act through restorations, new and reprogrammed funding, and new authorization for capital spending in State Fiscal Year (SFY) 2004-05.

Restorations

The Legislature provides for a total of \$493,600,000 in restorations to the \$847,600,000 in health care reductions advanced by the Executive in State Fiscal Year (SFY) 2004-05. Of this amount, the Legislature restores approximately \$442,800,000 to the Medical Assistance (Medicaid) Program, \$10,800,000 for public health programs within the Department of Health (DOH), and \$40,000,000 to various programs in the Health Care Reform Act (HCRA).

New/Re-programmed Spending

The Legislature also provides for new and reprogrammed spending totaling \$277,500,000 in SFY 2004-05. Of this amount, \$27,500,000 is attributable to reprogrammed funds in the Health Care Reform Act (HCRA) and \$250,000,000 is authorized for new capital spending.

Medical Assistance (Medicaid) Program

In the State Fiscal Year (SFY) 2004-05 budget, the Legislature restores approximately \$442,800,000 State Share to the Medical Assistance Program.

Pharmacy Restorations: The Legislature provides restorations to the pharmacy sector, totaling \$71,000,000 State Share in SFY 2004-05. Included in this amount are:

- \$31,900,000 for restoration of 75 percent of the proposed cut in reimbursement to pharmacies. The restoration will stay the reimbursement for brand name drugs at Average Wholesale Price (AWP) minus 12.75 percent instead of AWP minus 15 percent and at Average Wholesale Price minus 16.50 percent for generic drugs instead of AWP minus 30 percent as had been proposed by the Executive. The Legislature also maintains specialized HIV/AIDS only pharmacies at AWP minus 12 percent for brand name and generic drugs;

- \$37,100,000 related to rejection of a Preferred Drug Program (PDL); and,
- \$2,000,000 related to a Prior Approval (PA) program for drugs that are excluded from the nursing home rate.

Hospital Restorations: The Legislature restores \$183,300,000 to the hospital sector by denying imposition of a 0.7 percent assessment on inpatient and outpatient services.

Nursing Home Restorations: The Legislature provides restorations to the nursing home sector, totaling \$54,900,000 State Share in SFY 2004-05, by denying actions that would have:

- eliminated the hospital based add-on, \$12,200,000 State share;
- phased-out the rate add-on for nursing homes that have 300 beds or more, \$7,000,000 State share; and,
- increased the assessment to 6 percent. The assessment had been scheduled to go from 5 percent to 2.5 percent on April 1, 2004. Instead of raising the assessment to 6 percent, the Legislature continues the 5 percent rate that has been in effect in SFY 2003-04 for two more years. The Legislature restores \$35,700,000 in SFY 2004-05 as a result of this action.

The Legislature accepts \$19,200,000 State share related to a re-basing of the wage equalization factor (WEF) using 2001 data as proposed by the Executive. The Legislature, however, rejects the contingency language in the Executive's proposed Article VII legislation that tied such WEF increase to two Medicaid cost containment measures: elimination of the Medicaid rate add-on for hospital-based nursing homes and the implementation of a four year phase-out of the Medicaid rate add-on for nursing homes that have 300 beds or more, both of which were restored.

The Legislature also provides \$27,500,000 from the Health Care Reform Act (HCRA), of which \$12,500,000 would support the non-federal share of a statewide nursing home viability adjustment and \$15,000,000 would support the non-federal share of a nursing home financially disadvantaged program.

In addition, the Legislature authorizes a Nursing Home Amnesty Program that would waive interest and penalties with respect to certain assessments payable by residential health care facilities.

Home Care Restorations: The Legislature restores \$15,000,000 State share in SFY 2004-05 to the home care sector by denying imposition of a 0.7 percent assessment on providers.

Recipient Benefit Restorations: The Legislature provides restorations to proposed reductions in recipient benefits, totaling \$107,500,000 State share in SFY 2004-05, by denying actions that would have:

- eliminated private practitioner adult dental services, \$20,200,000 State share;

- eliminated other adult practitioner services (private duty nursing, audiology, clinical psychology), \$11,500,000 State share;
- eliminated podiatry services from the capitated clinic rate, \$600,000 State share;
- imposed greater restrictions on eligibility for Medicaid Long Term Care, \$25,000,000 State share;
- allowed for default to the Medicare policy for enterals, \$5,200,000 State share;
- increased Medicaid co-payments, \$2,900,000 State share;
- decreased facilitated enrollment for the Child Health Plus Program, \$1,000,000 State share;
- eliminated vision and dental benefits from the Family Health Plus (FHP) benefit package, \$17,800,000 State share;
- eliminated facilitated enrollers in the Family Health Plus (FHP) Program, \$9,000,000 State share;
- increased eligibility requirements for the Family Health Plus Program, \$4,000,000 State share. The Legislature provides for an asset test requirement for Family Health Plus applicants, similar to that imposed on Medicaid applicants, but at a higher resource amount; and
- imposed co-payments at the commercial market rate in the Family Health Plus Program, \$10,300,000 State share. The Legislature modifies this proposal to allow co-payments at the Medicaid level with the exception of pharmaceuticals for which a slightly higher co-payment is authorized.

Local Relief

The Legislature provides for State assumption of the local cost of the Family Health Plus Program over a two-year period (50 percent the first year, 100 percent the second year), beginning January 1, 2005, and provides \$49,300,000 in SFY 2004-05 for this purpose.

Long Term Care Initiatives

The Legislature provides \$5,000,000 for a Long-Term Care Insurance Education and Outreach Program to encourage the purchase of Long-Term Care insurance policies.

The Legislature also requires the Department of Health (DOH), the State Office for the Aging (SOFA) and the Department of Insurance to conduct a study to evaluate Long-Term Care investment products, including Long Term Care insurance.

In addition, Article VII legislation authorizes the Commissioner of Health to establish a reciprocal agreement with other states that administer long-term care partnership plans for the purpose of providing portable Medicaid extended coverage.

Although not reflected in the Department of Health budget, the Legislature also provides \$20,000,000 to support an increase in the Personal Income tax credit for Long Term Care insurance from the current 10 percent to 20 percent.

Demonstration Programs

The Legislature provides \$3,000,000 for up to six Disease Management Demonstration Programs to manage high-cost Medicaid populations and \$2,000,000 for a Telemedicine Demonstration Program to enhance the access to and the delivery of home care services.

The Legislature authorizes the Commissioner of Health to implement a 340-B Discount Program as a means of reducing high pharmaceutical costs in the Medicaid Program.

In addition, the Legislature authorizes two long-term care demonstration programs to test new models for the organization and delivery of long-term care services to encourage community-based programs and small residential health care models.

Managed Care

The Legislature rejects Article VII language that would have repealed the Managed Care Advisory Review Panel and provides language to allow State contracting of managed care plans outside of New York City.

Other Medicaid Actions

The Legislature accepts \$402,000,000 State share in Medicaid actions proposed by the Executive in SFY 2004-05. The major components include:

- authorizing the Commissioner of Health to delay, for 2 days, the Medicaid payment to providers, \$190,000,000 State share;
- increasing the Home Care savings target from \$33 million to \$44 million, \$11,000,000 State share;
- authorizing the payment of Medicare Part A premiums for dual eligible individuals, \$46,100,000 State share;

- establishing a Forge Proof Prescription Program, \$6,900,000 State share;
- capping overburden payments to localities, \$19,500,000 State share;
- managing utilization patterns of high-cost specialty populations, \$7,500,000 State share;
- enrolling on a voluntary basis Supplemental Security Income (SSI) individuals and dual eligible individuals in the Medicaid Managed Care Program, \$900,000 State share; and,
- shifting low income children (family incomes between 100 percent to 133 percent of the Federal Poverty Level) between the ages of 6 to 19 years from the Medicaid Program to the Child Health Plus Program, \$13,800,000 State share. The Legislature provides Article VII language to ensure both a seamless transition from one program to the other and the exemption of disabled children from the shift.

Public Health

The Legislature takes the following actions affecting public health programs:

- restores \$10,800,000 related the Governor's proposal to reduce State reimbursement to counties for "optional" services in the General Public Health Works (Article 6) Program from 30 percent to 20 percent;
- rejects a series of actions that would have curtailed benefits under the Early Intervention (EI) Program. Specifically, the Legislature rejects proposals that would have: imposed a sliding scale parental fee schedule for families with incomes above 250 percent of the Federal Poverty Level; clarified that insurers cannot deny coverage for medical services that are normally covered under the terms of the policy; authorized county EI officials to require that a child be re-evaluated at the time of the six month review to determine continued eligibility for EI services; required State approval if the number of services recommended for a child exceeded seven services per week and county approval for more than five services per week; eliminated the enhanced rate (more than 59 minutes) for home and community-based visits; implemented a provider registration fee of \$275 per certified individual and \$900 per licensed agency; and established standards for provider advertising;
- rejects the repeal, as proposed by the Executive, of certain enacted public health programs that have yet to take effect. Specifically, the Legislature removes the Governor's proposed repeal of the: Alzheimer's Tax Check-off General Fund Match (Chapter 359 of the Laws of 2002); the Endoscopy Study (Chapter 438 of the Laws of 2002); the Reflex Sympathetic Dystrophy Syndrome Prevention and Education Program (Chapter 429 of the Laws of 2002); the Obesity Prevention Program (Chapter 538 of the Laws of 2002); the Tattooing and Body Piercing License and Regulation Program (Chapter 562 of the Laws of 2001); and the

Durable Medical Equipment (DME) Regulatory Program (Chapter 618 of the Laws of 2002); and,

- authorizes a new program that would provide for a Prostate Cancer Tax Check-off General Fund Match.

Adult Home Initiatives

The Legislature provides \$10,000,000 for Adult Home initiatives through the following actions:

- \$3,000,000 in SFY 2004-05 in the Office of Temporary and Disability Assistance to support an increase of \$3 per day in the State supplemental payment of Supplemental Security Income (SSI) for adult home residents and operators as part of a two-year plan to increase the daily rate by \$7 by January 1, 2006;
- \$3,500,000 for the Adult Care Facility Quality Incentive Payment Program (QUIP), including language to permit use of such funding for air conditioning in residents' areas and to require resident council approval of projects funded with QUIP monies;
- \$3,000,000 for case managers and peer support specialists to provide supplemental case management services for mentally ill residents of impacted adult homes, including support for appropriate clothing needs of the residents; and,
- \$500,000 for a Housing Assistance Program for adult home residents. Such Program shall provide assistance to adult home residents who find it necessary to relocate to another adult home or to attain a more independent living environment.

In addition, the Legislature provides for a series of reforms to foster quality of life improvements for residents in Adult Care Facilities, including such things as mandating posting of a Do Not Refer list on the Department of Health's website; prohibiting referrals by social service districts, mental hygiene facilities, correctional facilities and hospitals to adult care facilities on the Do Not Refer list; prohibiting an adult home operator whose license has been suspended or revoked from applying to be the operator of another facility, and establishing an Adult Home Quality Enhancement Fund to be funded with fines imposed against adult homes in violation of New York State regulations.

Health Care Reform Act (HCRA) Actions

Graduate Medical Education (GME)

The Legislature accepts the Executive's proposal to update the base year for hospital Graduate Medical Education (GME) expenses. This action results in additional federal funding to offset State costs while providing a benefit for several teaching hospitals throughout the State.

Elderly Pharmaceutical Insurance Coverage (EPIC) Program

The Legislature provides:

- \$22,600,000 for restoration of 75 percent of the proposed cut in reimbursement to pharmacies. The restoration will stay the reimbursement for brand name drugs at Average Wholesale Price minus 12.75 percent and at Average Wholesale Price minus 16.50 percent for generic drugs instead of AWP minus 15 percent and AWP minus 30 percent, respectively, as had been proposed by the Executive.
- authorization for automatic enrollment of eligible EPIC beneficiaries in the Medicare Prescription Drug Discount Card Program. This action, which was effectuated in an emergency Article VII bill in order to take advantage of the June 1 effective date of the federal Discount Card Program, will provide cost savings of approximately \$48,200,000 in SFY 2004-05 to the EPIC Program while affording eligible seniors easy access to the Discount Card Program.

Capital

The State Fiscal Year (SFY) 2004-05 budget authorizes 250,000,000 in new capital spending through the issuance of bonds for the Health Care System Improvement Capital Grant Program to provide funding to health care facilities for restructuring and information technology projects. Of the \$250,000,000 in new bonding authority for this purpose, \$10,000,000 is to be reserved for the Community Health Centers Capital Program to provide matching capital grants for licensed diagnostic and treatment centers that provide primary health care services.

Article VII

Part A:

Public Health Programs

- provides a Prostate Tax Check-off General Fund Match;
- allows the Physician Profiling Program to be funded in the Office of Professional Medical Conduct (OPMC) for 1 year, from April 1, 2004 through March 31, 2005;
- implements a new "Forge Proof" Prescription Program to require the use of non-reproducible prescription forms;
- establishes a Quality of Care Improvement Account to receive both the State and federal portion of civil penalties collected for violations related to the operation of nursing homes; and,

- provides for a 75 percent restoration in pharmacy reimbursement levels in the Elderly Pharmaceutical Insurance Coverage (EPIC) Program.

Part B:

Health Care Reform Act (HCRA)

- establishes co-payments in the Family Health Plus (FHP) Program;
- establishes an asset test in the Family Health Plus (FHP) Program;
- shifts children between the ages of 6–19 in families with incomes between 100-133 percent of the Federal Poverty Level (FPL) from the Medicaid Program to the Child Health Plus (CHP) Program. This section would create a seamless transition for children and provide that disabled children would remain in the Medicaid Program;
- maximizes Federal Medicaid reimbursement for Graduate Medical Education (GME);
- restores by 50 percent allocations in the Health Care Reform Act (HCRA) for the individual subsidy program and the catastrophic health care program;
- provides HCRA allocations for programs in the AIDS Institute, the Elderly Pharmaceutical Insurance Coverage (EPIC) Program, and the Roswell Park Cancer Institute;
- increases the Long Term Care Insurance Tax Credit from 10 percent to 20 percent;
- provides an allocation of \$10 million in the Health Care Reform Act (HCRA) associated with increasing the Long Term Care Insurance Tax Credit from 10 percent to 20 percent;
- establishes the Long Term Care Insurance Education and Outreach Program;
- expands the definition of Medicaid extended coverage under the Long Term Care Partnership Plan;
- authorizes the Commissioner of Health to establish a reciprocal agreement with other states which administer long term care partnership plans for the purpose of providing portable Medicaid extended coverage;
- requires third party notification by insurance carriers in certain instances regarding cancellation of policy benefits for non-payment of policy premiums and requires a "free-look" provision in individual long-term care policies of at least 30 days;

- authorizes the Department of Insurance, the Department of Health and the Office for the Aging to conduct a study to evaluate long term care insurance investment products, including long term care insurance;
- delays the scheduled General Fund repayment loan to the New York Prospective Hospital Reimbursement Methodology (NYPHRM) pools for one year;
- changes the Quality Incentive Payment Program (QUIP) to include language to permit use of such funding for air conditioning in residents' areas and to require resident council approval of projects funded with QUIP monies;
- provides language to support an increase of \$3 per day in the State supplemental payment of Supplemental Security Income (SSI) for adult home residents and operators as part of a two-year plan to increase the daily rate by \$7 by January 1, 2006; and
- establishes reforms to improve the quality of life for residents in adult homes, including requiring the department of health to establish a "do not refer list" on its website and prohibiting referrals by social services districts, mental hygiene facilities, correctional facilities and hospitals to adult homes on the "do not refer list".

Part C:

Medical Assistance (Medicaid)

- provides for a State takeover of the local Medicaid share of the Family Health Plus (FHP) program, effective January 1, 2005. This section would takeover 50 percent of the local share in SFY 2004-05 and 100 percent of the local share in SFY 2005-06;
- provides for a partial restoration in pharmacy reimbursement levels in the Medicaid Program. Reimbursement will be restored from the Average Wholesale Price (AWP) less 30 percent to AWP less 16.5 percent for generic drugs and from the Average Wholesale Price less 15 percent to AWP less 12.75 percent for brand name drugs and maintains specialized HIV/AIDS Pharmacies at AWP minus 12 percent for brand name and generic drugs;
- authorizes the commissioner of health to implement a drug discount program pursuant to Section 340B of the Federal Public Health Service Act;
- continues the five percent assessment on nursing home revenue;
- requires AIDS nursing homes to refinance their capital debt;
- increases the home care savings target from \$33 million to \$44 million;

- delays the 53rd Medicaid cycle by two days;
- reduces overburden assistance to localities;
- establishes Medicaid co-payments for Medicaid Managed Care recipients;
- authorizes the State to enter into contracts with Managed Care Plans outside of New York City;
- adds the definition of "mental illness" into the Medicaid Managed Care Program due to the elimination of mental health special needs plans (SNPs);
- authorizes prescription drug coverage for dually eligible participants;
- authorizes the Commissioner of Health and the Superintendent of Insurance to establish additional Managed Long Term Care demonstrations;
- authorizes the Commissioner of Health to establish up to six Disease Management Demonstration Programs;
- authorizes the Commissioner of Health to implement home care technology demonstration projects;
- allocates \$3,000,000 for the Disease Management Demonstration Program and \$2,000,000 for technology related home care projects in the Health Care Reform Act;
- updates the wage equalization factor (WEF) for nursing homes;
- allocates \$15,000,000 in HCRA to finance a program for financially disadvantaged nursing homes;
- allocates \$12,500,000 for a statewide nursing home viability rate adjustment;
- makes technical changes to Intergovernmental Transfers (IGT);
- authorizes a Nursing Home Amnesty Program that would waive interest and penalties with respect to certain assessments payable by residential health care facilities;
- authorizes and directs upon request of the Director of the Budget, to transfer up to \$16,400,000 from the General Fund to the State Special Revenue Funds-Other, HCRA Transfer Fund, Medical Assistance Account, for the period April 1, 2004 – March 1, 2005;

- authorizes and directs upon request of the Director of the Budget, to transfer up to \$22,600,000 from the General Fund to the State Special Revenue Funds-Aid to Localities, EPIC Premium Account, for the period April 1, 2004 – March 1, 2005; and,
- authorizes and directs upon request of the Director of the Budget, to transfer up to \$1,000,000 from the General Fund to the State Special Revenue Funds-Other/State Operations, Children’s Health Insurance Account for the period April 1, 2004 – March 1, 2005.

Part D:

Capital

- authorizes \$250,000,000 in capital funding for a new Health Care System Improvement Capital Grant Program added by the Legislature. Of this amount, \$10,000,000 is earmarked for Community Health Center projects;
- establishes the Community Health Centers Capital Program;
- reprograms \$28 million in HCRA funds for the Health Care Stabilization Program; and,
- provides \$300,000 in HCRA funds for two long term care demonstration programs to encourage community based programs for seniors.

The Executive vetoed the following portions of non-appropriation budget bills passed by both houses of the Legislature. The Legislature does not believe such Executive veto actions to be consistent with the New York State Constitution.

Provisions effectuating an increase of \$7.00 per day over the next two calendar years to the Supplemental Security Income (SSI) State supplemental payment provided to adult homes in which SSI recipients reside; specifically,

- language providing for an increased personal needs allowance (PNA) for SSI recipients receiving enhanced residential care (Veto #203);
- language setting for the SSI benefit levels for 2005 and 2006 for individuals and couples receiving enhanced residential care (Veto #204);
- language amending the definition of “receiving residential care” which removes adult homes from the Congregate Level II SSI benefit level category (Veto #205); and
- language adding a definition for “enhanced residential care,” which includes adult homes within the newly defined Congregate Level III SSI benefit level category (Veto #206).

Language providing for a Medicaid rate adjustment of \$25,000,000 in the aggregate for nursing homes pursuant to a methodology to be determined by the Commissioner of Health (Veto #207).

Language directing the General Fund appropriation for adult homes: \$500,000 for a housing assistance program for adult home residents and \$500,000 for the Quality Incentive Payment (QUIP) Program (Veto #208).

Language directing Health Care Reform Act funds for adult homes initiatives: \$3,000,000 for a supplemental case management program for adult home residents and \$3,000,000 for the Quality Incentive Payment (QUIP) Program (Veto #209).

Language in a chapter amendment providing for a technical change to a supplemental case management program for adult home residents (Veto #212).

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION	VETO#
MEDICAID: FEDERAL SHARE	\$430,100,000	
HEALTH CARE SYSTEM IMPROVEMENT CAPITAL GRANT PROGRAM	\$250,000,000	121
MEDICAID: REJECT IMPOSITION OF 0.7% HOSPITAL ASSESSMENT	\$183,300,000	
MEDICAID: REJECT PREFERRED DRUG LIST	\$37,100,000	
MEDICAID: REJECT INCREASING THE NURSING HOME ASSESSMENT TO 6 PERCENT	\$35,700,000	
LOCAL MEDICAID RELIEF: STATE TAKEOVER OF LOCAL SHARE OF FAMILY HEALTH PLUS	\$25,100,000	
MEDICAID: REJECT LTC-RELATED CUTS	\$25,000,000	
MEDICAID: REJECT AWP MINUS 15 PERCENT FOR BRAND NAME DRUGS	\$21,800,000	
MEDICAID: REJECT ELIMINATING DENTAL FEE-FOR-SERVICE	\$20,200,000	
FAMILY HEALTH PLUS: REJECT ELIMINATING VISION AND DENTAL FROM BENEFIT PACKAGE	\$17,800,000	
EPIC: REJECT AVERAGE WHOLESALE PRICE (AWP) MINUS 15 PERCENT FOR BRAND NAME DRUGS	\$17,000,000	
MEDICAID: REJECT IMPOSITION OF 0.6% HOME CARE ASSESSMENT	\$15,000,000	
NURSING HOME FINANCIALLY DISADVANTAGED PROGRAM	\$15,000,000	
NURSING HOME FACILITY VIABILITY ADJUSTMENT	\$12,500,000	120
MEDICAID: REJECT ELIMINATING HOSPITAL-BASED ADD ON FOR NURSING HOMES	\$12,200,000	
MEDICAID: REJECT ELIMINATING ADULT OTHER PRACTITIONER SERVICES	\$11,500,000	
ARTICLE 6: STATE REIMBURSEMENT TO COUNTIES	\$10,800,000	
FAMILY HEALTH PLUS: REJECT CO-PAYMENTS	\$10,300,000	
MEDICAID: REJECT AWP MINUS 30 PERCENT FOR GENERICS	\$10,100,000	
FAMILY HEALTH PLUS (FHP): RESTORE FACILITATED ENROLLMENT	\$9,000,000	
MEDICAID: REJECT ELIMINATING 300-BED ADD ON FOR NH	\$7,000,000	
EPIC: REJECT AWP MINUS 30 PERCENT FOR GENERIC DRUGS	\$5,600,000	
MEDICAID: REJECT ELIMINATING ENTERAL (FOOD SUPPLEMENT) PRODUCTS	\$5,200,000	
FAMILY HEALTH PLUS: REJECT ELIMINATING LOOPHOLES	\$4,000,000	
MEDICAID: REJECT NEW AND ADDITIONAL PHARMACY CO-PAYMENTS	\$2,900,000	
MEDICAID: REJECT PRIOR APPROVAL FOR DRUGS OUTSIDE NURSING HOMES CAPITATED RATE	\$2,000,000	
CHILD HEALTH PLUS (CHP): RESTORE FACILITATED ENROLLERS	\$1,000,000	119
COMPREHENSIVE CARE CENTERS FOR EATING DISORDERS: DEVELOPMENT GRANTS	\$1,000,000	
MEDICAID: REJECT ELIMINATING PODIATRY SERVICES	\$600,000	
COMPREHENSIVE CARE CENTER FOR EATING DISORDERS DEVELOPMENT FUND	\$500,000	

INSURANCE DEPARTMENT

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
Special Revenue-Other	147,398,000	162,155,100	160,822,500	(1,332,600)
Total for STATE OPERATIONS	147,398,000	162,155,100	160,822,500	(1,332,600)

LEGISLATIVE ACTION

The Legislature appropriates \$160,822,500 on an All Funds basis a reduction of \$1,332,600 from the Executive budget submission.

Legislative Reductions

The Legislature denies \$153,100 in funding for nonpersonal services in the Administration Program.

The Legislature denies \$1,179,500 in funding for nonpersonal services in the Regulation Program.

DEPARTMENT OF MENTAL HYGIENE

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	(300,000,000)	(200,000,000)	(200,000,000)	0
Special Revenue-Other	300,000,000	200,000,000	200,000,000	0

LEGISLATIVE ACTION

The Legislature concurs with the Executive recommendation.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	48,670,000	46,783,000	46,783,000	0
Special Revenue-Other	21,476,000	23,432,000	23,432,000	0
Special Revenue-Federal	6,379,000	6,367,000	6,367,000	0
Total for STATE OPERATIONS	76,525,000	76,582,000	76,582,000	0
AID TO LOCALITIES				
General Fund	244,793,000	244,200,000	247,025,000	2,825,000
Special Revenue-Other	6,500,000	6,540,000	6,540,000	0
Special Revenue-Federal	143,084,000	147,211,000	147,211,000	0
Total for AID TO LOCALITIES	394,377,000	397,951,000	400,776,000	2,825,000
CAPITAL PROJECTS				
Capital Projects Fund	9,085,000	9,154,000	9,154,000	0
Mental Hygiene Capital Improvement Fund-389	27,750,000	27,750,000	27,750,000	0
Total for CAPITAL PROJECTS	36,835,000	36,904,000	36,904,000	0

LEGISLATIVE ACTION

The Legislature provides \$514,262,000, on an All Funds basis, a net increase of \$2,825,000 to the Executive budget submission.

Legislative Changes

The Legislature restores \$2,825,000 for community based chemical dependence prevention, intervention and treatment services provided by not-for-profit agencies that treat a high proportion of persons who are uninsured.

Article VII

The Legislature:

- establishes parity between the rates of payment for methadone maintenance treatment services provided by free-standing diagnostic and treatment centers and the rates paid for the same services provided by Article 28 hospital programs.
- extends until April 1, 2006 a "hold-harmless" provision that maintains the Medicaid rate for inpatient medically supervised chemical dependence withdrawal services.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION	VETO#
PREVENTION AND TREATMENT PROGRAMS	\$2,100,000	122
WESTERN NEW YORK DRUG ABUSE TREATMENT PROGRAMS	\$265,000	123
YESCAP	\$265,000	125
SOUTHERN TIER PREVENTION INITIATIVE	\$145,000	124
TREATMENT OUTCOMES DATA COLLECTION	\$50,000	126

OFFICE OF MENTAL HEALTH

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	520,940,000	606,415,000	603,915,000	(2,500,000)
Special Revenue-Other	596,551,000	512,325,000	512,325,000	0
Special Revenue-Federal	1,272,000	1,272,000	1,272,000	0
Internal Service Fund	2,304,000	2,415,000	2,415,000	0
Enterprise	8,284,000	8,349,000	8,349,000	0
Total for STATE OPERATIONS	1,129,351,000	1,130,776,000	1,128,276,000	(2,500,000)
AID TO LOCALITIES				
General Fund	730,859,000	746,111,000	752,636,000	6,525,000
Special Revenue-Other	77,510,000	74,535,000	75,035,000	500,000
Special Revenue-Federal	40,129,000	41,129,000	41,129,000	0
Total for AID TO LOCALITIES	848,498,000	861,775,000	868,800,000	7,025,000
CAPITAL PROJECTS				
Capital Projects Fund	42,000,000	43,000,000	43,000,000	0
Mental Hygiene Capital Improvement Fund-389	173,482,000	95,494,000	95,494,000	0
Total for CAPITAL PROJECTS	215,482,000	138,494,000	138,494,000	0

LEGISLATIVE ACTION

The Legislature provides \$2,135,570,000 on an All Funds basis, a net increase of \$4,525,000 to the Executive budget submission.

Legislative Reductions

The Legislature reduces the Administration and Finance Program appropriation by \$2,500,000 to reflect a re-estimate of nonpersonal service funding requirements.

Legislative Changes

The Legislature restores \$4,500,000 to the Adult Services Program for support of consumer oriented mental health services such as employment, peer support, respite, coordinated children's services, family support services, sheltered workshop and social adult day care. The Legislature also restores a total of \$1,650,000 in support for Article 28 hospitals providing mental health services: \$850,000 to mitigate the negative impact on hospitals as the Office of Mental Health restructures the methodology used for calculating their Medicaid reimbursement rates and \$800,000 to maintain the Alternative Rate Methodology Supplement (ARMS).

In 1993, landmark legislation was passed (Ch.723, L.1993) to create the Community Mental Health Reinvestment Program that appropriated moneys saved through down-sizing State operated psychiatric centers to local governments and community based service providers. As of State Fiscal Year 2003-04, the reinvestment funding “stream” was providing localities with more than \$180 million for support of community based mental health services. Although the original Reinvestment Act has expired, the “reinvestment funding stream” continues to support a wide range of adult and children’s mental health services at the local level. In SFY 2003-04, the Executive proposed budget eliminated reinvestment funding as a separate item of appropriation, instead appropriating the funds in the Adult Services Program and the Children and Youth Services Program. The Legislature, however, reinstated the Reinvestment Program as a separate item of appropriation. Again, in SFY 2004-05, the Executive budget proposed eliminating reinvestment funding as a separate item of appropriation. The Legislature denies the Governor’s proposal to subsume funding for community reinvestment services under the Adult Services Program and the Children and Youth Services Program and once again reinstates the Reinvestment Program as a separate item of appropriation.

In addition, the Legislature provides \$500,000 for the development of a center for the study and treatment of eating disorders and \$100,000 as the State share of an increase in the Medicaid rate paid to children’s day treatment programs. The Legislature provides \$275,000 in support of services for persons with mental illness delivered by community-based programs.

Article VII

The Legislature:

- denies legislation that would authorize the closure of the Middletown Psychiatric Center as of April 1, 2005.
- denies legislation that would create a Commission for the Closure of State Psychiatric Centers.
- denies legislation that would change the date on which the Commissioner of each office of the Department of the Department of Mental Hygiene is required to submit a statewide five-year plan for services, from October 1 of each year to a date coinciding with release of the Executive proposed budget.
- extends the expiration date for the Community Mental Health Support and Workforce Reinvestment Act from March 31, 2007 to March 31, 2010.
- authorizes the Commissioner of Mental Health to review and certify rates of payment to outpatient mental health facilities dually licensed by the Office of Mental Health and the Department of Health.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION	VETO#
ADULT SERVICES PROGRAM-CONSUMER ORIENTED MENTAL HEALTH SERVICES-RESTORATION	\$4,500,000	127
MITIGATE NEGATIVE IMPACTS ON HOSPITALS FACING REVENUE LOSS FROM REBASING RATES FOR OUTPATIENT MENTAL HEALTH SERVICES AT ARTICLE 28 HOSPITALS.	\$850,000	
ALTERNATIVE RATE METHODOLOGY (ARMS)FUNDING	\$800,000	128
COMPREHENSIVE CARE CENTER FOR EATING DISORDERS DEVELOPMENT FUND	\$500,000	
HOSPITAL AUDIENCES, INC.	\$175,000	130
MENTAL HEALTH PROJECTS	\$100,000	129
CHILDREN'S DAY TREATMENT ENHANCED MEDICAID PAYMENTS	\$100,000	131

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	168,341,000	144,312,000	134,012,000	(10,300,000)
Special Revenue-Other	1,042,497,000	1,119,054,000	1,126,854,000	7,800,000
Special Revenue-Federal	80,000	230,000	230,000	0
Internal Service Fund	150,000	150,000	150,000	0
Enterprise	2,350,000	2,350,000	2,350,000	0
Total for STATE OPERATIONS	1,213,418,000	1,266,096,000	1,263,596,000	(2,500,000)
AID TO LOCALITIES				
General Fund	664,145,000	709,146,000	709,796,000	650,000
Special Revenue-Other	733,700,000	837,695,000	837,695,000	0
Total for AID TO LOCALITIES	1,397,845,000	1,546,841,000	1,547,491,000	650,000
CAPITAL PROJECTS				
Capital Projects Fund	49,151,000	49,864,000	49,864,000	0
Mental Hygiene Capital Improvement Fund-389	40,930,000	39,272,000	39,272,000	0
Total for CAPITAL PROJECTS	90,081,000	89,136,000	89,136,000	0

LEGISLATIVE ACTION

The Legislature provides \$2,900,223,000 on an All Funds basis, a net decrease of \$1,850,000 to the Executive budget submission.

Legislative Reductions

The Legislature reduces the Central Coordination and Support Program appropriation by \$2,500,000 to reflect a re-estimate of nonpersonal services funding requirements.

The Legislature reduces the Agency's General Fund appropriation by \$7,800,000 to reflect a re-estimate of Patient Income Account revenues received by the State in payment for services provided by State operated facilities. Such additional payments shall be use to reduce General Fund spending.

Legislative Changes

The Legislature provides \$650,000 in support for services for persons with developmental disabilities delivered by community-based programs.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION	VETO#
WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT	\$240,000	134
LOCAL RESPITE	\$215,000	132
EPILEPSY COALITION OF NYS	\$195,000	133

COMMISSION ON QUALITY OF CARE FOR THE MENTALLY DISABLED

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPERATIONS				
General Fund	2,758,000	2,810,000	2,810,000	0
Special Revenue-Other	2,861,000	3,021,000	3,021,000	0
Special Revenue-Federal	6,414,000	8,259,000	8,259,000	0
Enterprise	20,000	20,000	20,000	0
Total for STATE OPERATIONS	12,053,000	14,110,000	14,110,000	0
AID TO LOCALITIES				
General Fund	95,000	170,000	170,000	0
Special Revenue-Other	418,000	418,000	418,000	0
Total for AID TO LOCALITIES	513,000	588,000	588,000	0

LEGISLATIVE ACTION

The Legislature concurs with the Executive recommendation.

MISCELLANEOUS: HEALTH & MENTAL HYGIENE

	Adjusted Appropriation 2003-04	Executive Request 2004-05	Legislative Appropriation 2004-05	Change
STATE OPS & AID TO LOCALITIES				
Community Projects Fund	200,000,000	0	0	0
Total for STATE OPS & AID TO LOCALITIES	200,000,000	0	0	0
Services, Expenses or Grants				
Community Projects Fund	200,000,000	0	0	0
Total for Program	200,000,000	0	0	0
CONTINGENCY				
General Fund	1,070,028,000	65,000,000	65,000,000	0
Total for CONTINGENCY	1,070,028,000	65,000,000	65,000,000	0
Miscellaneous Guarantee Appropriations				
General Fund	1,070,028,000	65,000,000	65,000,000	0
Total for Program	1,070,028,000	65,000,000	65,000,000	0

LEGISLATIVE ACTION

The Legislature concurs with the Executive proposal.