

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
STATE OPERATIONS				
General Fund	2,320,000	2,289,000	2,539,000	250,000
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
Total for STATE OPERATIONS	13,282,000	12,939,000	13,189,000	250,000
AID TO LOCALITIES				
General Fund	63,874,300	74,424,300	76,624,300	2,200,000
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
Total for AID TO LOCALITIES	173,974,300	186,024,300	188,224,300	2,200,000

LEGISLATIVE ACTION

The Legislature provides \$201,413,300 on an All Funds basis, a net increase of \$2,450,000 over the Executive budget submission.

Legislative Changes

The Legislature provides \$1,200,000 in additional funding for the Neighborhood Naturally Occurring Retirement Communities (NORC) program. The NORC program provides comprehensive support and healthcare services for well and frail elderly residents, 60 years of age or older, who continue to live independently in their apartments and communities.

The Legislature also provides \$1,000,000 in additional funding for the Supplemental Nutrition Assistance Program (SNAP). The SNAP program provides home-delivered meals to frail seniors.

The Legislature provides \$250,000 in State Operations funding for the planning, evaluation, and development of senior's single intake point technology solutions.

Article VII

The Legislature accepts the Executive's proposal to extend the NORCs program to December 31, 2007, and adds language to authorize the creation of the Neighborhood NORCs Program.

The Legislature also adds language changing the State matching rate for local expenditures to 90 percent from 75 percent with respect to the \$10,000,000 added by the Executive to the Expanded In-home Services for the Elderly Program (EISEP).

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION
NATURALLY OCCURRING RETIREMENT COMMUNITIES (NORC)	\$1,200,000
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)	\$1,000,000
SENIOR'S SINGLE INTAKE POINT TECHNOLOGY SOLUTIONS	\$250,000

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

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

LEGISLATIVE ACTION

The Legislature concurs with the Executive's recommendation.

DEPARTMENT OF HEALTH

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
STATE OPERATIONS				
General Fund	178,082,000	185,165,000	169,565,000	(15,600,000)
Special Revenue-Other	436,104,200	478,723,000	493,723,000	15,000,000
Special Revenue-Federal	4,053,289,700	4,054,898,000	4,054,898,000	0
Enterprise	10,000	10,000	10,000	0
Total for STATE OPERATIONS	4,667,485,900	4,718,796,000	4,718,196,000	(600,000)
AID TO LOCALITIES				
General Fund	7,517,604,600	8,031,146,600	8,503,242,600	472,096,000
Special Revenue-Other	4,131,164,000	7,597,614,000	7,820,464,000	222,850,000
Special Revenue-Federal	24,231,498,000	24,923,918,000	25,688,743,585	764,825,585
Total for Agency	35,880,266,600	40,552,678,600	42,012,450,185	1,459,771,585
Total Contingency	1,476,000,000	1,771,200,000	1,771,200,000	0
Total for AID TO LOCALITIES	37,356,266,600	42,323,878,600	43,783,650,185	1,459,771,585
CAPITAL PROJECTS				
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
Total for CAPITAL PROJECTS	97,600,000	326,600,000	326,600,000	0

LEGISLATIVE ACTION

The Legislature provides \$47,057,246,185 for the Department of Health on an All Funds basis, a net increase of \$1,459,171,585 over the Executive budget submission. This net increase is primarily due to All Funds restorations totaling \$1,452,025,585 to the State's Medical Assistance (Medicaid) Program, as well as additions offset by reductions to public health programs, and changes in allocations from the Health Care Reform Act (HCRA) which is now included in its entirety in the State's financial plan for State Fiscal Year (SFY) 2005-06.

Legislative Reductions

The Legislature reduces General Fund support and shifts funding for the following programs back to the Temporary Assistance for Needy Families (TANF) block grant: Food Pantries (\$12,000,000), Women Infants and Children (WIC) (\$4,900,000), and School Based Health Center programs (\$3,325,000). These actions generate a General Fund savings of \$20,225,000 in SFY 2005-06.

The Legislature eliminates \$2,000,000 in General Fund support for various adult home initiatives in the Department of Health, but provides \$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.

The Legislature eliminates the Executive's proposed \$20,000,000 in Medicaid transitional funding assistance for counties outside of New York City.

The Legislature denies \$2,200,000 in Medicaid funding for certified home health agencies demonstration programs until the programs are more fully developed and ready to be implemented.

The Legislature rejects two new initiatives proposed by the Executive to be funded by the Health Care Reform Act (HCRA): the Health Care Financing - Investigations and Studies Initiative (\$1,000,000) and the Mobile Dental Van program (\$1,000,000).

Legislative Changes

The Legislature provides for a total of \$727,600,000 in restorations to the more than \$1.1 billion in State share Medicaid and public health care cuts, advanced by the Executive in State Fiscal Year (SFY) 2005-06. Of this amount, the Legislature restores \$687,200,000 to the Medical Assistance (Medicaid) program and \$40,400,000 in appropriation level to Article 6, the General Public Health Works (GPHW) program.

Public Health

The Legislature rejects the Executive's proposal to convert Article 6, the General Public Health Works program, from a spending entitlement program to a capped grant program to the counties, based on expenditures over the past three years. The Legislature instead restores Article 6 to the SFY 2004-05 appropriation level and provides an additional \$10,400,000 for new spending.

The Legislature rejects all of the Executive's proposed changes to the Early Intervention (EI) Program, including: establishment of parental fees, starting at 250 percent of the Federal Poverty Level (FPL); elimination of extended visit rates; implementation of a requirement for independent evaluations for children receiving a single service; imposition of restrictions on insurers to prohibit denial of care normally covered; and authorization for local governments to negotiate lower rates with EI providers.

The Legislature rejects the Executive's proposal to repeal such legislative initiatives as the Endoscopy Study, Reflex Sympathetic Dystrophy Syndrome, Tattooing and Body Piercing, and Durable Medical Equipment Registration.

The Legislature provides \$7,776,700 in additional funding in the AIDS Institute for AIDS-related programs, including: \$3,000,000 for Communities of Color; \$1,768,000 for Community Service Programs (CSP); \$1,768,000 for Multi-Service Agencies (MSA); \$625,000 for Specialty Contracts; \$179,000 for Homeless Housing; \$179,000 for the National Black Leadership Commission; \$168,700 for Permanency Planning; and \$89,000 for the New York AIDS Coalition.

The Legislature provides an additional \$10,223,300 in the Center for Community Health for public health programs, including: \$5,000,000 for infertility services; \$1,373,300 for Health and Social Services Sexuality-Related Programs; \$1,300,000 for the Individual Subsidy Insurance Program; \$500,000 for the Brain Trauma Foundation; \$500,000 for North Shore LIJ Health System; \$500,000 for Southside Hospital; \$250,000 for Alzheimer's disease initiatives; \$250,000 for the Arthritis Foundation; \$250,000 for the NYS Donor Registry Awareness Campaign; \$200,000 for breast cancer initiatives; and \$100,000 for Gilda's Club Capital Region New York.

The Legislature provides \$3,000,000 in the Health Care Standards and Surveillance Program for the Health Information Technology demonstration programs. Participants will be selected by the Commissioner through the competitive bidding process and the awarding of the projects must be based upon criteria relating to the use of technology to deliver effective and efficient physician services.

Medicaid

The Legislature restores \$687,200,000 of the \$1,079,500,000 in General Fund cuts to Medicaid providers and recipients advanced by the Executive and accepts \$392,300,000 in cost reductions to the Medicaid program.

Hospitals

The Legislature restores \$235,600,000 of the \$379,800,000 in Medicaid reductions proposed by the Executive for the hospital sector by denying actions that would have: limited GME payments made to hospitals to actual costs, \$23,300,000; reduced rates to hospitals for outpatient mental health services and non-complicated detoxification services, \$46,600,000; and eliminated the calendar year 2005 two percent trend factor for hospital payments, \$41,400,000. The Legislature also reduces the 0.7 percent Gross Receipts Tax (GRT), proposed by the Executive, to 0.35 percent and restores \$124,300,000 related to this action.

The Legislature accepts, with certain modifications \$144,200,000 in cost reduction actions affecting this sector, including \$70,000,000 in savings from the 0.35 percent GRT.

The Legislature amends the Executive's proposal to change Graduate Medical Education (GME) funding to provide for the recoupment of overpayments made to hospitals for Medicaid Managed Care patients during the period from 1996 through 2004 by limiting hospital liability to \$100,000,000 and by allowing hospitals to repay their GME overpayments over a seven year period; this action provides \$50,000,000 in State savings. The Legislature amends the Executive's proposal that would have authorized the Department of Health to enter into contracts with hospitals for various selective services and to authorize the Commissioner to negotiate rates for up to five specialty services at no more than five inpatient hospital sites, for State savings of \$11,300,000. In addition, the Commissioner of Health must take into account the increase in volume for the selected hospital when negotiating the rates for these selected services. The Legislature accepts the Executive's proposal for case management of certain special populations for savings of \$12,900,000.

Nursing Homes

The Legislature restores \$180,800,000 of the \$221,500,000 in Medicaid reductions related to nursing homes and accepts \$40,700,000 in cost reduction actions. The Legislature rejects the Executive's proposals to establish a regional reimbursement system for nursing homes and to eliminate all non-Medicaid patients from the nursing home case mix rate adjustment and restores \$125,700,000 for these two items. The Legislature provides \$48,800,000 to restore the calendar year 2005 nursing home two percent trend factor that was eliminated by the Executive. The Legislature also restores \$6,300,000 for the supplemental nursing home quality improvement program. In addition, the Legislature extends the nursing home assessment amnesty program until December 31, 2005.

The Legislature accepts the Executive's proposal to increase the Gross Receipts Tax (GRT) on nursing homes from five percent to six percent, until March 31, 2007, for State savings of \$39,500,000 in SFY 2005-06. The Legislature also establishes a refundable tax credit for individual payors of the nursing home assessment. The Legislature accepts the Executive's proposal to shift pharmacy costs to Medicare Part D, for a State savings of \$1,200,000.

The Legislature adds \$2,400,000 for the long term care revitalization pool. Expenditure of such funds shall be determined pursuant to a chapter of the laws of 2005.

Home Care Services

The Legislature accepts cost savings measures related to home care services totaling \$17,500,000 in State savings. These actions include: freezing the premium payments for managed long term care plans at the current level; establishing an administrative and general cost cap on long term home health care services; and eliminating the cap on the amount of savings the State can achieve as a result of the administrative and general cost cap on certified home health agencies (CHHA). In addition, the Legislature supports the creation of a long term care demonstration program in up to four social services districts for purposes of creating incentives for providers to care for individuals with more complex medical needs, supporting relatives and other caregivers to assist patients needing care at home and reducing the need for institutionalization. The Governor proposed \$2,200,000 for a demonstration program for certified home

health agencies (CHHA), but this funding is denied until the program is more fully developed and ready to be implemented.

Pharmacy

The Legislature accepts with significant modifications the Executive's proposal to establish a Preferred Drug List (PDL) and Prior Authorization requirement for pharmaceuticals under the State's Medicaid program. The Legislature amends the Executive's proposal to provide physicians with final determination for prescribing drugs under both the Preferred Drug Program and the Clinical Drug Review Program. In addition, the Legislature provides that cost cannot be a factor for placing a particular drug in the Clinical Drug Review Program. The Legislature restores \$14,700,000 for these amendments. The Legislature also makes other changes to assure significant consumer safeguards under both programs.

The Legislature provides that entities that participate in the 340B federal drug discount program and serve Medicaid recipients must have their drug costs reimbursed at the price offered under the 340B program instead of the Medicaid Program; such entities, however, shall be entitled to add reasonable administrative costs incurred by the entity in connection with the purchasing and dispensing of such drugs to their reimbursement rate. This requirement will save the State approximately \$10,000,000 in SFY 2005-06.

Recent Federal studies have revealed that many States are owed money from pharmaceutical rebates. In fact, one such report indicates that New York State is owed as much as \$175,000,000. Therefore, the Legislature directs the Department of Health to pursue all pharmaceutical rebates owed to New York State and includes \$20,000,000 in additional State revenues resulting from such aggressive rebate collection activity.

Recipient Benefits and Services

The Legislature restores \$241,100,000 of the \$295,500,000 in proposed reductions affecting Medicaid recipients advanced by the Executive and accepts \$54,400,000 in cost reduction actions.

The Legislature restores \$148,400,000 of the \$173,900,000 in Family Health Plus (FHP) program cost reductions proposed by the Executive. The Legislature accepts increased co-payments as follows: generic prescription drugs, \$3; brand name prescription drugs, \$6; dental services, \$5 per visit with an annual maximum of \$25 per person; clinic services, \$5; and physician services, \$5. The Legislature amends the vision benefit to resemble the benefits offered under the New York State employee vision plan. The Legislature amends the Executive's proposed FHP eligibility changes and eliminates FHP eligibility for individuals that are employed by a governmental entity, but limits this restriction to individuals who are eligible for health benefits through their employer. The Legislature also restores an additional \$5,000,000 to continue facilitated enrollment for the Family Health Plus program.

The Legislature restores \$65,900,000 related to denying the Executive's proposed elimination of certain Medicaid benefits including podiatry as a billable clinic service, non-emergency adult dental coverage, and services by private adult practitioners, including private duty nursing, audiologists, and psychologists.

The Legislature rejects the Executive's proposed changes to eligibility for long term care services including: increasing the look-back period for asset transfers from 36 months to 60 months; changing the penalty period from the day the transfer was made to the day a person needs services; and eliminating a spouse's ability to refuse to pay for services. The Legislature restores \$26,800,000 to the Medicaid program related to this action.

The Legislature accepts the Executive's proposal to increase Medicaid recipients' co-payments for generic drugs from 50 cents to \$1 and from \$2 to \$3 for brand name drugs, for State savings of \$3,500,000. The Legislature also accepts the Executive's proposals to cap managed care marketing and enrollment costs for a savings of \$23,200,000 and to impose utilization limits on continuing day treatment for \$2,200,000 in savings.

Other Medicaid Proposals

The Legislature rejects the Executive's proposal that would have required the Attorney General's office to recover available assets in certain instances and restores \$5,600,000 for this action.

The Legislature restores \$4,400,000 related to the Executive's proposal to eliminate non-emergency transportation services, for eligible individuals, from the State Medicaid plan and to give counties the option to provide transportation services administratively. In addition, the Legislature includes language to provide annual supplemental payments to providers of emergency transportation services and adds \$2,000,000 in General Fund assistance for this purpose in SFY 2005-06.

Administrative action proposed to be taken by the Department of Health, to encourage the voluntary enrollment of SSI recipients into Medicaid Managed Care is expected to generate additional State savings of \$20,000,000. In addition, increased Medicaid fraud detection and prevention activities to be undertaken by the Executive are anticipated to produce \$32,200,000 in additional State savings.

Local Government Relief

The Legislature accepts the Executive proposal to cap local fiscal responsibility for Medicaid expenditures. Under this proposal, effective January 1, 2006, local Medicaid spending will be capped at the calendar year 2005 spending level for each county, plus an annual growth rate factor. The growth rate is 3.5 percent for 2006; 3.25 percent for 2007; and 3 percent for 2008 and each year thereafter.

Starting in January 2008, counties will have the option of continuing under a cap or electing to have the State assume the full local cost of Medicaid in exchange for remitting to the State a calculated percentage of local sales tax revenue. This proposal is expected to provide \$121,000,000 in local fiscal relief for SFY 2005-06.

The Legislature accepts the Executive's proposal to accelerate the full State takeover of the Family Health Plus Program for counties outside of New York City to October 1, 2005 from January 1, 2006. This action will provide \$25,000,000 in local fiscal relief in SFY 2005-06.

The Legislature accepts the Executive's proposal to reduce local Medicaid fiscal responsibility, but establishes local social services district accountability measures in Article VII legislation that authorizes the Department of Health to review the management of Medicaid services for every social services district and to assess sanctions on those counties that fail to monitor utilization diligently within the Medicaid Program.

Adult Homes

The Legislature provides \$2,750,000 in funding for the Quality Incentive Payment Program (QUIP). The Legislature also adds \$3,000,000 in the Office of Temporary and Disability Assistance to support a \$3 dollar increase in the daily rate for SSI residents of adult homes.

Capital

The Legislature accepts funding of \$250,000,000 in SFY 2005-06 to support first year funding of a four year \$1,000,000,000 capital grant program, The Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY). Of the \$250,000,000 for SFY 2005-06, \$10,000,000 is specifically dedicated to community health centers. While the majority of the funding will be financed by bonds from the Dormitory Authority, \$65,000,000 is appropriated under the capital grant program in the Department of Health. Modifications to the authorizing legislation, however, could not be resolved with the budget and remain to be negotiated in separate legislation before the end of the current legislative session.

Health Care Reform Act (HCRA)

The Legislature approves legislation extending the Health Care Reform Act (HCRA) though June 30, 2007, but makes certain modifications to the Executive's proposal as noted below. The Legislature accepts the Executive action bringing all HCRA spending on budget by incorporating formerly off budget items into the State's financial plan. The enacted budget assumes approximately \$5,800,000,000 in total HCRA receipts offset by \$5,700,000,000 in disbursements for an estimated cash balance of \$354,000,000 by March 31, 2006.

The Legislature concurs with the Executive's proposal to increase the HCRA surcharge on private payors to 8.95 percent (from 8.85 percent) and on Medicaid and other governmental payors to 6.54 percent (from 6.47 percent) beginning January 1, 2006. The Legislature also accepts the Executive's proposal to increase the covered lives assessment by \$50,000,000 from \$725,000,000 to \$775,000,000 annually.

Health Insurance Plan Conversions: Of the \$5,800,000 in HCRA receipts, approximately \$1,800,000,000 is comprised of Empire Blue Cross / Blue Shield conversion proceeds, a portion of which is currently being held in escrow. Receipt of these proceeds is contingent on successful resolution of ongoing litigation that is expected to be decided in the near future. To avert a potential revenue shortfall, the enacted budget includes language that would prohibit nearly all disbursements from HCRA after July 1, 2005, unless proceeds from the Empire conversion are received. In addition, \$400,000,000 of projected HCRA receipts is expected from the conversion of another non-for-profit insurance company to for-profit status in SFY 2005-06. Authorizing legislation, however, still needs to be negotiated.

Pay for Performance: The Legislature modifies the Executive's proposal to establish Pay for Performance demonstration projects to allow representatives from consumer groups, hospitals, and unions to be included on the Commissioner of Health's workgroup; to limit the number of demonstration projects to five; to subject any new projects to the competitive bid process; and to ensure that enrollee participation is on a voluntary basis. The Legislature accepts an appropriation of \$2,500,000 in SFY 2005-06 for this proposal.

Childhood Obesity Prevention Program: The Legislature accepts a new appropriation of \$1,500,000 to support the expansion of the Childhood Obesity Prevention Program to include school-based childhood obesity prevention and physical activity programs.

Transitional Care Unit Demonstration Programs: The Legislature accepts the Executive's proposal to authorize the Commissioner of Health to establish a transitional care unit demonstration program at up to five general hospitals, but adds language giving priority to those hospitals that have cooperative agreements with skilled nursing facilities and subjecting approval of the demonstrations to the review and recommendation of the State Hospital Review and Planning Council. Such demonstration programs shall be targeted towards those patients that need sub-acute care, but whose condition precludes discharge.

Managed Long Term Care Demonstration Programs: The Legislature increases the number of Managed Long Term Care Demonstration Projects from 24 to 30 and allows for the designation of six additional qualified applicants, two designated by the Majority Leader of the Senate, two by the Speaker of the Assembly, and two by the Executive.

Other HCRA Changes

In addition to the actions described above, the enacted budget includes various other changes to HCRA. Major changes by the Legislature include:

- eliminating an appropriation of \$1,000,000 for Health Care Finance Studies;
- eliminating an appropriation of \$1,000,000 for the Mobile Dental Van Program;

- rejecting the Executive's proposal to authorize the Commissioner of Health to reallocate Hospital Indigent Care funds by regulation;
- implementing language to allow the recovery of \$100,000,000 in Graduate Medical Education (GME) overpayments made to teaching hospitals through the Medicaid program. This is accomplished through a \$69,000,000 loan from HCRA and a \$31,000,000 reduction in payments to affected hospitals from the 2004 GME incentive pool;
- increasing medical assistance payments to general hospitals by \$121,700,000 through discrete medical assistance rate increases for healthcare workforce recruitment and retention purposes;
- increasing medical assistance payments to rural hospitals by \$6,300,000 through discrete medical assistance rate increases intended to support critically needed health care services in rural areas;
- increasing the Commissioner's priority pool allocation by \$6,000,000 to provide supplemental grants to hospitals and health care facilities in need of financial assistance;
- reducing Health Care Workforce retraining funds by \$6,000,000;
- exempting upper payment limit (UPL) / intergovernmental transfer (IGT) funds from the hospital gross receipts assessment of 0.35 percent;
- adding \$5,000,000 to support grants to health care providers in Erie and Niagara counties for critically needed health care services; and
- implementing technical changes to ensure that the discontinued Catastrophic Health Care Expense program retains sufficient allocation authority to meet outstanding obligations.

The Commission on Health Care Facilities in the Twenty-First Century

The Legislature amends the Executive's proposal to create The Commission on Health Care Facilities in the Twenty-First Century to evaluate the configuration and capacity of general hospitals and nursing homes in New York State and to make recommendations to the Executive and the Legislature based upon its findings. The commission will consist of 18 statewide members and 36 regional members, six appointed from each of six specified regions. The regional members vote with the State Commission on matters affecting their respective regions.

Additionally, regional advisory committees are established and tasked with developing recommendations for their respective regions and reporting these recommendations to the Commission on November 15, 2006. The Commission can support or oppose the recommendations of the Regional Advisory Committees. The Statewide Commission must report to the Governor by December 1, 2006. The Governor must approve or deny the report of the Commission by December 5, 2006. The Legislature must approve or reject the Commission's report in its entirety by a majority vote by December 31, 2006.

Article VII

Part A

Public Health Programs:

- requires the Elderly Pharmaceutical Insurance Coverage (EPIC) to verify enrollee's income with the Department of Taxation and Finance to ensure that enrollees are eligible for EPIC;
- facilitates the coordination of the EPIC program with the Medicare Part D Prescription Drug Benefit; and

- extends the authorization allowing physician profiling to be funded through the Office of Professional Medical Conduct for one year.

Part B

The Health Care Reform Act (HCRA):

- extends HCRA through June 30, 2007;
- continues distributions from the Tobacco Control and Insurance Initiatives Pool (Tobacco Pool) including new allocations to support the newborn screening and immunization programs, increases in the number of disease management demonstration programs, and additional childhood obesity prevention activities;
- includes programmatic language to extend the Workforce Recruitment and Retention program, Health Care Demonstration program, and the rural hospital adjustment programs;
- extends the Child Health Plus program through June 30, 2007, and freezes program premiums for one year;
- includes programmatic language to restructure the nursing home quality improvement grant program to provide a direct link to improving quality;
- extends the Health Care Initiatives pool allocations, retires certain prior year allocations, and provides for the accumulation of funds within the pool;
- extends the Individual Subsidy Insurance Program;
- repeals the Catastrophic Health Care Expense Program;
- extends HCRA initiatives including the Health Occupation program, Fiscal Intermediary, Hospital Admission Billing, Council on Health Care Financing, Ambulatory Care Pilot program, and Case Based Rates for Ambulatory Surgery;
- increases the covered lives assessment from \$725 million to \$775 million annually;
- provides for the accumulation of funds within the Professional Educational Pool for distribution to certain hospitals;
- increases the HCRA surcharge levels uniformly, including those on private payors to 8.95 percent (from 8.85 percent) and Medicaid and other governmental payors, excluding Medicare, to 6.54 percent (from 6.47 percent) for periods on and after January 1, 2006, and increases the GME point of service surcharge to be consistent with the recommended increase in HCRA surcharge levels;
- provides that the payment of assessments required to be submitted by general hospitals and third-party payers be subject to periodic audits by the Commissioner of Health;
- extends authority to make distributions for GME and provides adjustments for the recoupment of GME overpayments involving Medicaid managed care patients;
- extends the authority and allocations for the Hospital Indigent Care pool;
- removes the connection between the \$200 million General Fund loan repayment and language authorizing flexibility to make transfers between HCRA pools;

- provides for the consolidation of pool administration;
- allows for the continuation of funding for the DOH administrative costs;
- amends the Child Health Plus program to provide twelve months of continuous coverage and provide access to the state wage reporting system for income verification upon initial application;
- authorizes a pay-for-performance demonstration program;
- creates a Health Information Technology demonstration program;
- extends the Excess Medical Malpractice program for two years;
- removes the limit of six on the number of Disease Management programs;
- allows the expansion of the number of Managed Long-Term Care Demonstration programs from 24 to 30 and increases the number of applicants designated by the Majority Leader of the Senate and Speaker of the Assembly from four to six each and grants the Commissioner of Health the authority to designate two additional qualified applicants;
- continues the Health Insurance Continuation Assistance Demonstration Program (HICADP) providing healthcare insurance for displaced and entertainment industry workers;
- establishes new demonstration programs for up to five Transitional Care Unit demonstration sites;
- provides new language to enhance childhood obesity prevention activities by establishing school-based childhood obesity prevention and physical activity programs;
- provides authorization for all HCRA allocations to be included in the budget;
- extends indigent care funding for diagnostic and treatment centers;
- extends the home care and personal care worker health insurance demonstration program;
- exempts student health and accident insurance policies from the covered lives assessment; and
- limits certain HCRA worker retraining grants to those awardees previously granted funds from the program.

Part C

Medical Assistance (Medicaid) Program:

- establishes a cap on local financial responsibility for Medicaid expenditures and authorizes the acceleration of the Family Health Plus takeover for counties outside New York City;
- authorizes the creation of a Preferred Drug Program and a Clinical Drug Review Program which include many consumer protections such as the requirement that allows a prescriber's prior authorization determination to prevail;
- allows for the State to adjust rates for certain specialty services performed at selected general hospitals;
- establishes a 0.35 percent assessment on hospital gross revenue;

- increases the Gross Receipts Tax (GRT) on nursing homes from five percent to six percent, through March 31, 2007;
- establishes a refundable tax credit for individual payors of the nursing home assessment;
- continues the nursing home assessment amnesty program;
- removes prescription drug costs from the nursing home rate;
- extends the adult day care rate cap;
- eliminates the administrative and general savings cap on Certified Home Health Agencies (CHHA);
- imposes an administrative and general cap on the long- term home health care program;
- provides payment for Durable Medical Equipment providers related to services for Medicare Medicaid dual-eligibles for the period April 2005 through June 30,2005;
- establishes long-term care demonstration projects;
- amends the Family Health Plus co-payments as follows: generic prescription drugs, \$3; brand name prescription drugs, \$6; dental services, \$5 per visit with an annual maximum of \$25 per person; clinic services, \$5; and physician services, \$5;
- amends vision services under the Family Health Plus Program to resemble the benefits offered under the New York State employee vision plan;
- excludes public employees who are eligible for health care coverage offered through their employer from eligibility under the FHP program;
- adjusts the Family Health Plus benefits to eliminate the cap on individual liability for Family Health Plus (FHP) co-payments;
- extends IGT/UPL payments for public and non-public facilities through March 31, 2006;
- exempts managed long-term care programs from Medicaid co-payments;
- allows for Mental Health UT system limitation on continuing day treatment;
- provides a \$3 dollar increase in the daily rate for SSI residents of adult homes;
- authorizes IDA financing for continuing care retirement communities;
- extends prior-year Medicaid cost containments for one year;
- extends the Limited Home Care Services agency (LHCSA) program for two years;
- authorizes covered entities to purchase drugs through the 340B program;
- authorizes the creation of the Commission Health Care Facilities in the 21st Century and provides guidelines on its composition, requirements, and authority;

- provides for a supplemental rate increase for providers of emergency transportation services; and
- allows for an adjustment in rates of payment for certain diagnostic and treatment centers, relating to capital expenditures.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION
MEDICAID ADDITIONAL FEDERAL FUNDS	\$764,825,585
ADDS TO THE HCRA TRANSFER FUND	\$330,400,000
REJECT REDUCING FAMILY HEALTH PLUS BENEFITS	\$136,821,000
REJECT REGIONAL PRICING	\$67,900,000
REJECT MEDICAID ONLY CASE MIX	\$57,800,000
REJECT THE ELIMINATION OF ADULT DENTAL COVERAGE	\$52,600,000
REJECT ELIMINATING THE TWO PERCENT TREND FACTOR FOR NURSING HOMES	\$48,800,000
REJECT REDUCING IP DETOX RATES FOR NON-COMPLICATED SERVICES TO THE COMMUNITY RATE	\$44,500,000
REJECT THE ELIMINATION OF TWO PERCENT TREND FACTOR ON HOSPITALS	\$41,400,000
PUBLIC HEALTH - ARTICLE 6	\$40,400,000
REJECT FAMILY HEALTH PLUS ELIGIBILITY REDUCTION	\$29,600,000
REJECT DECREASING MEDICAID LONG TERM CARE ELIGIBILITY	\$26,800,000
REJECT LIMIT OF GME REIMBURSEMENT TO ACTUAL COSTS	\$23,300,000
OFFSET TO THE GENERAL FUND - STATE OPERATIONS FROM THE QUALITY OF CARE ACCOUNT	\$15,000,000
REJECT ELIMINATING OTHER PRACTITIONERS SERVICES	\$12,500,000
REJECT PREFERRED DRUG PROGRAM	\$7,600,000
RESTORE PRIOR AUTHORIZATION - CLINICAL DRUG REVIEW PROGRAM	\$7,100,000
SUPPLEMENTAL NURSING HOME QUALITY IMPROVEMENT PROGRAM	\$6,300,000
TRANSFER TO THE HOSPITAL GRANT POOL	\$6,000,000
REJECT ATTORNEY GENERAL RECOVERY ACTIONS	\$5,600,000
FUNDING FOR IMPROVED ACCESS TO INFERTILITY SERVICES	\$5,000,000
REJECT THE ELIMINATION OF FAMILY HEALTH PLUS FACILITATED ENROLLMENT	\$5,000,000
KALEIDA HEALTH	\$5,000,000
REJECT: RECLASSIFICATION OF TRANSPORTATION AS AN ADMINISTRATIVE SERVICE	\$4,400,000
AIDS: COMMUNITIES OF COLOR INITIATIVE	\$3,000,000
HEALTH INFORMATION TECHNOLOGY PROGRAM	\$3,000,000
GRANTS TO NON-PUBLIC GENERAL HOSPITALS	\$3,000,000
ADULT HOMES: QUIP	\$2,750,000
REJECT THE ELIMINATION OF SPECIALTY RATES FOR MH OUTPATIENT	\$2,100,000
MEDICAID: INCREASE AMBULANCE RATE	\$2,000,000
AIDS: HIV/AIDS-MULTI SERVICE AGENCIES (MSA)	\$1,768,000
AIDS: COMMUNITY SERVICE PROGRAMS (CSP)	\$1,450,000
HEALTH AND SOCIAL SERVICES SEXUALITY-RELATED PROGRAMS	\$1,373,300
INDIVIDUAL SUBSIDY PROGRAM	\$1,300,000
REJECT THE ELIMINATION OF PODIATRY SERVICES	\$800,000
AIDS: SPECIALTY SERVICES	\$625,000
BRAIN TRAUMA FOUNDATION	\$500,000
NORTH SHORE LIJ HEALTH SYSTEM	\$500,000
SOUTHSIDE HOSPITAL	\$500,000
AIDS: HIV/AIDS-COMMUNITY SERVICE PROGRAM (CSP)	\$318,000
ALZHEIMER'S DISEASE: EDUCATION, SUPPORT SERVICES, AND EARLY DIAGNOSIS	\$250,000
ARTHRITIS FOUNDATION: FIVE CHAPTERS IN NYS	\$250,000
NEW YORK STATE DONOR REGISTRY AWARENESS CAMPAIGN	\$250,000
BREAST CANCER: SUPPORT, EDUCATION, AND OUTREACH	\$200,000

AIDS: NATIONAL BLACK LEADERSHIP COMMISSION ON AIDS	\$179,000
AIDS: HOMELESS HOUSING ASSISTANCE PROGRAM - OPERATING SUPPORT	\$179,000
AIDS: PERMANENCY PLANNING	\$168,700
GILDA'S CLUB CAPITAL REGION NEW YORK	\$100,000
AIDS: NEW YORK AIDS COALITION	\$89,000

DEPARTMENT OF MENTAL HYGIENE

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
STATE OPERATIONS				
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

LEGISLATIVE ACTION

The Legislature concurs with the Executive's recommendation.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
STATE OPERATIONS				
General Fund	48,706,000	46,681,000	46,681,000	0
Special Revenue-Other	23,464,000	24,832,000	24,832,000	0
Special Revenue-Federal	6,599,000	6,221,000	6,221,000	0
Total for STATE OPERATIONS	78,769,000	77,734,000	77,734,000	0
AID TO LOCALITIES				
General Fund	244,200,000	256,300,000	261,475,000	5,175,000
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
Total for AID TO LOCALITIES	397,951,000	408,151,000	413,326,000	5,175,000
CAPITAL PROJECTS				
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
Total for CAPITAL PROJECTS	36,930,000	38,650,000	38,650,000	0

LEGISLATIVE ACTION

The Legislature provides \$529,710,000 on an All Funds basis, an increase of \$5,175,000 over the Executive budget submission.

Legislative Changes

In the Community Treatment Services Program, the Legislature restores \$1,000,000 for outpatient chemical dependence treatment services provided by not-for-profit agencies that treat a high proportion of persons who are uninsured. The Legislature also provides \$775,000 in support of services provided by community based not-for-profit chemical dependence prevention and treatment agencies.

The Legislature restores \$3,100,000 to the Alcohol and Substance Abuse Prevention and Intervention Programs, operated in New York City schools by the New York City Department of Education, in order to maintain the number of Substance Abuse Prevention and Intervention Specialists (SAPIS) providing counseling services in the schools. The Legislature also provides \$300,000 for support of methamphetamine prevention and treatment demonstration projects, intended to identify effective methods of addressing the problem.

Article VII

The Legislature amends the legislation, proposed by the Executive, that would transfer the Compulsive Gambling Treatment and Prevention Program from the Office of Mental Health (OMH) to the Office of Alcoholism and Substance Abuse Services to clarify that authority to approve vouchers for payment of funds from the Problem and Compulsive

Gambling Education, Prevention and Treatment Fund by the State Comptroller shall rest solely with the Commissioner of Alcoholism and Substance Abuse Services.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION
NEW YORK CITY SCHOOLS ALCOHOL AND DRUG ABUSE PREVENTION PROGRAM	\$3,100,000
OASAS COMMUNITY TREATMENT SERVICES PROGRAM	\$1,000,000
YES	\$350,000
METHAMPHETAMINE ABUSE TREATMENT AND PREVENTION DEMONSTRATION PROJECT	\$300,000
WESTERN NEW YORK ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAMS	\$275,000
NY SOUTHERN TIER PREVENTION PROGRAM	\$150,000

OFFICE OF MENTAL HEALTH

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
STATE OPERATIONS				
General Fund	640,146,000	587,210,000	586,610,000	(600,000)
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
Total for STATE OPERATIONS	1,164,576,300	1,203,536,000	1,202,936,000	(600,000)
AID TO LOCALITIES				
General Fund	746,961,000	773,924,000	779,664,000	5,740,000
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
Total for AID TO LOCALITIES	863,125,000	894,793,000	900,533,000	5,740,000
CAPITAL PROJECTS				
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
Total for CAPITAL PROJECTS	138,795,000	263,814,000	263,814,000	0

LEGISLATIVE ACTION

The Legislature provides \$2,367,283,000 on an All Funds basis, a net increase of \$5,140,000 over the Executive budget submission.

Legislative Reductions

The Legislature reduces the Adult Services Program State Operations appropriation by \$1,000,000 to reflect a re-estimation of nonpersonal service funding requirements.

Legislative Changes

In the Adult Services Program, the Legislature restores \$3,465,000 in Local Assistance funding to maintain support for such consumer oriented, non-Medicaid services as respite, peer support, advocacy, drop-in centers and legal services. It is the intent of the Legislature that these funds provide a proportional restoration to those programs that experienced a loss in funding as a result of a decrease in Office of Mental Health (OMH) Local Assistance funding in State Fiscal Year 2004-05. The Legislature also restores \$600,000 to maintain the Alternative Rate Methodology Supplement (ARMS) and provides \$575,000 to support services for persons with mental illness, delivered by community-based programs.

In the Children and Youth Services Program, the Legislature restores \$900,000 in Local Assistance funding to maintain support for such consumer oriented, non-Medicaid services as respite, advocacy and children's coordinated services.

It is the intent of the Legislature that these funds provide a proportional restoration to those programs that experienced a loss in funding as a result of a decrease in Office of Mental Health (OMH) Local Assistance funding in State Fiscal Year 2004-05. The Legislature also provides \$200,000 to increase the Medicaid reimbursement rate paid to not-for-profit providers of Children's Day Treatment Services.

In the Research in Mental Illness Program, the Legislature provides \$400,000 for the services and expenses necessary to fill four research scientist positions at the Nathan Kline Institute.

Article VII

The Legislature approves the legislation proposed by the Executive that would close the Middletown Psychiatric Center on April 1, 2006.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION
ADULT AND CHILDREN'S CONSUMER ORIENTED MENTAL HEALTH SERVICES - RESTORATION	\$4,365,000
ALTERNATIVE RATE METHODOLOGY (ARMS) FUNDING	\$600,000
NATHAN KLINE INSTITUTE - FOUR RESEARCH SCIENTIST POSITIONS	\$400,000
MENTAL HEALTH PROGRAM INITIATIVES	\$350,000
CHILDREN'S DAY TREATMENT ENHANCED MEDICAID PAYMENTS	\$200,000
HOSPITAL AUDIENCES, INC.	\$175,000
EATING DISORDER PROGRAM INITIATIVES	\$50,000

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
STATE OPERATIONS				
General Fund	175,026,000	507,221,000	502,621,000	(4,600,000)
Special Revenue-Other	1,126,854,000	846,649,000	850,649,000	4,000,000
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
Total for STATE OPERATIONS	1,304,621,700	1,356,624,000	1,356,024,000	(600,000)
AID TO LOCALITIES				
General Fund	709,146,000	409,689,000	410,374,000	685,000
Special Revenue-Other	837,695,000	1,212,695,000	1,212,695,000	0
Total for AID TO LOCALITIES	1,546,841,000	1,622,384,000	1,623,069,000	685,000
CAPITAL PROJECTS				
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
Total for CAPITAL PROJECTS	89,136,000	136,280,000	136,280,000	0

LEGISLATIVE ACTION

The Legislature provides \$3,115,373,000 on an All Funds basis, a net increase of \$85,000 over the Executive Budget submission.

Legislative Reductions

The Legislature reduces the Institutional Services Program appropriation by \$600,000 to reflect a re-estimation of Nonpersonal services funding requirements.

The Legislature reduces the Agency's State Operations General Fund appropriation by \$4,000,000 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 used to reduce General Fund spending requirements by an equivalent amount.

Legislative Changes

In the Community Services Program, the Legislature provides \$685,000 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
WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT	\$240,000
LOCAL RESPITE	\$200,000
EPILEPSY COALITION OF NYS	\$195,000
EPILEPSY FOUNDATION OF WESTERN NEW YORK	\$50,000

COMMISSION ON QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

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

LEGISLATIVE ACTION

The Legislature concurs with the Executive's recommendation.

Article VII

The Legislature amends the legislation, proposed by the Executive, that would consolidate the Office of Advocate for Persons with Disabilities (OAPD) with the Commission on Quality of Care for the Mentally Disabled. The amendments are intended to maintain the unique role of OAPD by requiring that the consolidated agency – the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQC/APD) – include a distinct unit dedicated to carrying out the mission of the OAPD.

MISCELLANEOUS: HEALTH & MENTAL HYGIENE

	Adjusted Appropriation 2004-05	Executive Request 2005-06	Legislative Appropriation 2005-06	Change
STATE OPS & AID TO LOCALITIES				
General Fund	0	0	1,000,000	1,000,000
Total for STATE OPS & AID TO LOCALITIES	0	0	1,000,000	1,000,000
Medical Assistance Restitution				
General Fund	0	0	1,000,000	1,000,000
Total for Program	0	0	1,000,000	1,000,000
STATE OPERATIONS				
General Fund	65,000,000	0	0	0
Total for STATE OPERATIONS	65,000,000	0	0	0
Miscellaneous Guarantee Appropriations				
General Fund	65,000,000	0	0	0
Total for Program	65,000,000	0	0	0

LEGISLATIVE ACTION

Legislative Changes

Medicaid Fraud Detection and Prevention

The Legislature provides a new \$1,000,000 appropriation for Medicaid Fraud Detection and Prevention activities that will be expended pursuant to a chapter of the laws of 2005.

Legislative Additions

The Legislature provides funding for the following:

PROGRAM	APPROPRIATION
MEDICAID FRAUD DETECTION AND PREVENTION ACTIVITIES	\$1,000,000