HEARING:

N.Y. State Assembly Ways and Means Committee

N.Y. State Senate Finance Committee

TOPIC: Mental Hygiene Joint Legislative Budget Hearing

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Testimony by

Ronald E. Richter, Chief Executive Officer

JCCA

Good morning Chairs Krueger, Weinstein, Brouk, Gunther and honorable members of the Senate and Assembly. Thank you for inviting me to testify on behalf of the children and families we serve in the human services systems throughout New York.

I am Ronald E. Richter, CEO of JCCA, and have previously served as New York City's ACS Commissioner and as a judge in the NYC Family Court.

JCCA is a child and family services agency that works with about 17,000 of New York State's children and families each year. We provide foster and residential care, educational assistance and remediation, and behavioral health services. JCCA's array of services sit at the intersection of child welfare and behavioral health. In the aftermath of the pandemic, we are

seeing a disturbing trend of young people whose mental health needs are alarmingly severe. Across our programs, from home and community-based services in New York City to our residential campus in Westchester, we increasingly support youth with suicide attempts, psychosis, and severe depression. New York's children need help, and we must sufficiently fund the services that provide it. New Yorkers need the following:

1) Managed Care reform so young people can more quickly receive services *and* so providers can access Medicaid dollars that are locked up with Managed Care Organizations.
2) Increased Medicaid rates for community-based services, including CFTSS, HCBS and Mental Health Clinics, as described in the Healthy Minds Healthy Kids commissioned Rate Study (summary attached); and
3) 3.2% COLA for front-line, essential workers to make a living wage

Agencies such as JCCA prevent costly hospitalizations. Our family-based support meets young people and and their families where they are—and prevents future systems involvement. While New York has made sweeping changes to support community-based services in health and behavioral health sectors, the funding structure for these admirable changes is not working and is not sustainable.

<u>Impact of Medicaid Reform on Services</u>

JCCA has an annual operating budget of approximately $110 million, with about 70% of our budget focused on offering a full continuum of out-of-home care for children and young people of all ages. However, our FY24 budget is in deficit. As an agency, we work with New York's most complex kids, whether they require special medical foster homes, or a residential model designed for intellectually and developmentally disabled youth. We take great pride in the array of behavioral and mental health services, medical care, and nonclinical supports offered to

every child in our care. It takes careful planning and collaboration across funding streams and disciplines to best meet the complex and overlapping needs of our youth. Simply put, the funding we receive to support young people in foster care and residential programs, their families and our foster families is insufficient to meet the depth of need.

In 2017, New York State embarked on Medicaid Reform. Foster care reimbursements, which were previously based on a daily rate, were transitioned to a Managed Care model where agencies like JCCA must bill insurance companies for each "encounter" a young person has with a clinician. To support some services like nursing, the state developed a "core" rate to cover expenses that are not "billable." Given the intensity of need manifested by our clients, the "core rate" coupled with encounter-based billing has created serious shortfalls. This of course means that children suffer as their needs go unmet, even as the government has removed them from their families. We strongly advise the following steps:

1. Update the core rates to reflect the actual cost of providing care and so that we can continue to develop a professional and well-trained workforce to support children and families.
2. Revisit costs and salaries that were calculated in 2018 based on 2017 data. According to the U.S. Bureau of Labor Statistics, $1 in January 2017 has the same buying power as $1.22 in December 2022.[1]
3. Address how the core rate is calculated to reflect Governor Hochul's recent salary raises for state nurses. Our sector's low and non-competitive salaries make it extremely challenging to hire and retain nursing staff. These increases should pertain to many or all segments of the child welfare workforce.

[1] See https://www.bls.gov/data/inflation_calculator.htm

In addition to problems with the core rate, New York's managed care organizations (MCOs) create bureaucratic hurdles that make it challenging to enroll a child in an MCO and swiftly begin services. We experience the same challenges anyone who has insurance does. Denying claims saves MCOs money. Waits for MCO approvals create delays of up to two or three months; our clients need help immediately. They become frustrated and less likely to seek services if they have to wait, another advantage for MCOs. Furthermore, each MCO has different standards for credentialing, making it difficult to navigate compliance. Standardization of administrative requirements across all MCOs would ease compliance and result in more expeditious service delivery.

Second, we recommend reducing paperwork and administrative billing requirements of service providers to capture Medicaid dollars through MCOs. This would allow practitioners to spend more time providing direct services to their clients. Most of our young clients come from marginalized communities, have families with a constellation of mental health issues and other risk factors, and have spent years in child welfare. Clinicians choose to work with these populations because they are committed to helping the most at-risk young people, and when administrative burdens interfere with their ability to provide clinical service, staff become frustrated and increasingly leave. To better support our workforce, we should streamline the paperwork requirements so clinicians can focus on direct care.

Non-Medicaid Eligible Over 21 Population

Moreover, we have now calculated that due to Medicaid eligibility rules, JCCA is losing approximately $900,000 each year on young people over 21 years old on our residential campus. These young people are OPWDD eligible, waiting for OPWDD placements. However, because they are in foster care in JCCA's OCFS licensed facility, the same services for these IDD youth are not Medicaid-eligible.

JCCA is required by law to provide these young people with core services, which costs $35,770 per child per year. Examples of these core services include:

- Skill Building (provided by Licensed Behavioral Health Practitioners as described in Article 29-I VFCA Health Facilities License Guidelines and any subsequent updates)
- Nursing Services
- Medicaid Treatment Planning and Discharge Planning
- Clinical Consultation/Supervision Services
- VFCA Medicaid Managed Care Liaison/Administrator

JCCA also provides enhanced therapeutic treatment to youth through CFTSS in the form of individualized encounters as a component of our behavioral health services. It is disruptive and detrimental to exclude children who are 21 years and older from this group and other therapeutic work that their peers are receiving. Moreover, we do not have authorization to provide these services to young people over 21+, so they could not benefit even if we chose to provide them for free.

Despite urgent and ongoing efforts to place youth 21 and older in appropriate OPWDD placements, they remain on our campus for many years. In fact, their numbers are steadily increasing and we have 15 youth 21 years+ on our Pleasantville Campus. If New York State does not have an appropriate placement for these youth, the state should pay for their care; the expense should not be borne by the nonprofit that accepted them into residential care as minors in foster care.

Children's Behavioral Health Services Rate Increase

The Healthy Minds Healthy Kids coalition, of which JCCA is a member, recently released a Rate Study[2] that illustrated how care coordination for children with the most complex needs is not

[2] https://healthymindshealthykids.org/hmhk-publication/?post_type=data_publications&post_id=17755

compensated in New York. Thank you to Chairs Brouk and Gunther for championing the Rate Study's findings and requesting $195 million be invested in the SFY 2025 Budget for children, adolescents and families who are facing a severe mental health crisis. The study's findings reinforced what JCCA experiences firsthand—every care visit requires substantial unpaid labor and providers are unable to expand capacity to serve children. The rate study concluded that an investment of $195 million is needed to enhance rates for children's behavioral health clinics, Children's Home and Community Based Services (HCBS), and Child and Family Treatment and Support Services (CFTSS). This investment would help stabilize the children's behavioral health system by keeping pace with inflation, creating a care team coordination fee (which is currently unfunded workload), adjusting children's clinic rates to reflect the extra effort children require, and updating the CFTSS and children's HCBS rate methodology to account for actual volume.

Unfortunately, as a result of all we have raised, JCCA is considering decertifying a service line, HCBS, that offers respite for children that have serious emotional difficulties, developmental disabilities (if in foster care), and medical fragility, among other vital supports. We ask that the State hold MCOs accountable by enforcing their contracts which require services for high acuity youth with depression, anxiety, and, in some cases, suicidality.

<u>Protect Health Homes for Children and Families</u>

Governor Hochul's proposed budget includes a $125 Million cut to Health Homes, which means care management services would be significantly limited, or most likely, would become completely unavailable, for over 30,000 children and families. Care managers would not be able to assist children and their families with complex medical and mental health needs, including accessing direct care, community supports, actively coordinating services and other supports in a complex system of care.

If we want to prevent behavioral health crises, we need to protect the services children and families in marginalized communities are able to access, such as CFTSS, HCBS, Article 31 Clinics and Health Homes for children. We recognize that the recently approved 1115 Medicaid Waiver includes investments in care management, but it is unclear how this will translate to the existing health homes serving children model. Additionally, NYS much invest in professionals who are doing the front-line work now and those who will do it in the future.

Additional Workforce Support Recommendations.

Last year, Governor Hochul included a 2.5% COLA for human services workers in the Executive Budget. We appreciate the inclusion of a COLA, but 2.5% does not meet the pace of inflation. Governor Hochul recognized hospital providers by awarding them a COLA of over 5%. Budgets are about values.

This year, Govenor Hochul proposed 1.5% COLA, and we are joining with our colleagues across the state to ask for a 3.2% COLA. We feel confident that Governor Hochul values the human services sector and will help draw these front-line workers closer to equal parity with hospital workers. It must also be noted that Prevention staff and Health Home Care Managers, a workforce that is primarily staffed by women of color, should be included any COLA as well. This continues to be a disparity in New York's funding.

We thank OMH for including $4 million in loan forgiveness support through the Community Mental Health Practitioner Loan Repayment Program for clinicians serving children. This investment is an important component to strengthening our workforce.

Conclusion

For providers such as JCCA, whose mission it is to care for New York children with the highest acuity levels, we need enhanced funding, coordination, and support to hire and retain staff and serve children with increasingly high acuity mental health needs. We are proud to have a Governor who highlights critical investments in mental health, and I strongly urge you to fill the specific gaps I described today that leave New York's highest needs children without sufficient mental health support.

The children's behavioral health system in New York is in desperate need of investment to retain and build capacity

There is a national state of emergency for children's mental health.[1] Demand for children's behavioral health services has skyrocketed while New York's capacity to provide them continues to shrink. A problem decades in the making has become so severe it can no longer be ignored. Serving children - especially the most complex children - requires coordination with multiple service systems, providers, and care managers, as well as the child's guardian(s). This coordination is essential to provide quality care, but the work required to do it is not compensated. Every visit requires substantial unpaid care team labor, which has led to long wait lists and providers unable to expand capacity to serve children. Tens of thousands of New York children lack the care, treatment, and support they need to thrive.

Enable the behavioral health system to expand to meet the urgent demand

The **Healthy Minds, Healthy Kids Campaign**, a collaboration between 19 of New York's leading children's and behavioral health advocacy groups, is requesting immediate enhancements to the existing rate structure for children's behavioral health clinics (Article 31 and Article 32-822) services, Children's Home and Community Based Services (HCBS), and Child and Family Treatment and Support Services (CFTSS).

Trend rates to keep pace with inflation

Trends maintain, but do not advance, the children's behavioral health delivery system

- 3.2% trend for children's behavioral health clinic services: $10,749,230
- 3.2% trend for children's HCBS and CFTSS services: $2,107,748

Establish a care team coordination fee

Providers are responsible for coordinating with a growing array of care managers. They should be compensated for the time it takes to do so.

- $7.50 Per Served Member Per Month (PSMPM) fee for children's clinics $12,112,200
- $7.50 PSMPM for CFTSS and children's HCBS $8,324,766

Adjust children's clinic rates to reflect the extra effort children require

Account for the additional costs of serving children and their families. Enable providers to expand their capacity to meet the need.

- 35% enhancement for clinic visits provided to children $117,569,701

Adjust CFTSS and children's HCBS to account for actual volume

Enable providers to expand capacity by acknowledging that the anticipated volume efficiencies have not materialized.

- Increase in CFTSS and children's HCBS rates to reflect the lack of economies of scale $44,460,329

Total investment in children's behavioral health $195,264,778

[1] The National State of Emergency was declared by the American Academy of Pediatrics, the American Academy of Child and Adolescent Psychiatry, and the Children's Hospital Association.

CAMPAIGN FOR HEALTHY MINDS HEALTHY KIDS
Ensuring New York Children's Right to Behavioral Health Care