

Good evening

Thank you for the opportunity to speak with you about outpatient behavioral healthcare in Oneida County.

My name is Rick Sebastian and I am the President/CEO of Human Technologies Corporation, a 501 (c) (3) not-for-profit contracting with Oneida County and New York State Office of Mental Health to provide a wide array of services and supports to adults who have mental illness in our Article 31 outpatient clinics. HTC is committed to enhancing the quality of life for people with disabilities and others who have barriers to employment and employs approximately 330 people throughout the Mohawk Valley. HTC serves approximately 3,000 with mental illness and provides another 30,000 customers locally, regionally and throughout the country goods and services in our apparel, textile manufacturing, specialty printing, janitorial, and warehousing and distribution lines of business.

We are very much aware of the current and future budgetary concerns and pressures facing New York and are keenly aware of the direct impact these will have on our patients with mental illness. We applaud the Governor and support his "Patients First" agenda and likewise are heartened that Commissioner Hogan has created an environment of transparency and invites providers to play significant roles in the transformation of the mental health system. We believe this process demonstrates to our colleagues throughout the country a profound leadership that is designed first and foremost to enhance the quality of life for people living with a mental illness.

I would like to present several areas of concern from a fiscal and social perspective by sharing with you a slice of our immediate past and current experiences operating our Article 31 clinic.

Since 2004, we have experienced dramatic increased utilization in our clinics while at the same time experiencing flat and capped reimbursement or modest COLA increases. We have responded to this increased utilization by hiring more medical providers and social workers. The irony with the system is that even though we have responded to this overwhelming need, we are losing large amounts of money to do so; in part we believe, because of the cap and inequitable Medicaid rates of reimbursement. Our response has come at considerable cost to our entire organization and the other operating divisions within HTC are subsidizing these large losses in our clinic operations. I refer you to Figure 1 for a visual of the increased numbers of service visits and the resulting operational deficits for each of the past three years which includes any monies we owe OMH for overservice.

With specific regard to the reimbursement; New York's reimbursement methodology is at best complex, burdensome and fragmented and based on our experience, seemingly designed to punish over service. The reimbursement to HTC covers a mere fraction of our costs and we are experiencing burgeoning operating costs, increased unfunded regulatory mandates, and because of a cap in one funding area, we do not receive "full"

reimbursement for almost 25% of our services. This means that if we “overachieve” and serve more than our reimbursement cap allows, which we have done from approximately October 1 to December 31 in each of our last few years, we receive one half the rate of reimbursement to provide the same level of service to those in need. In real terms it means we support several hundred people who receive several thousand service visits resulting in half the rate of reimbursement for those visits. We find this incomprehensible!

Our population of approximately 3,000 patients is predominantly made up of individuals with chronic and severe persistent mental illness. This very complex population requires ongoing and life long management and support to remain living in the community. In addition, 10-15% of our population requires the services of an interpreter because English is not their primary language. In 2005 as a direct response to a regulatory citation of deficiency, we hired a Bosnian speaking therapist to work with a case load of approximately 200 people who are Bosnian. This therapist is reimbursed at a standard rate yet we are expected to provide enhanced services without any reimbursement from the State or County.

To date we have experienced losses of several hundred thousand dollars, must repay the state for “overachieving” for the past 2 years and serving people beyond our cap and are projecting more than a \$400,000 combined loss and payback in 2007. To mitigate our ongoing deficits we have established a wait list, which as of today has grown to more than 400 people! Despite this wait list, our service number year-to-date is still more than 5% greater than same period last year. As you can see from Figure 1, we have seen a 35% increase in utilization since the beginning of 2005, while reimbursements have essentially remained flat!

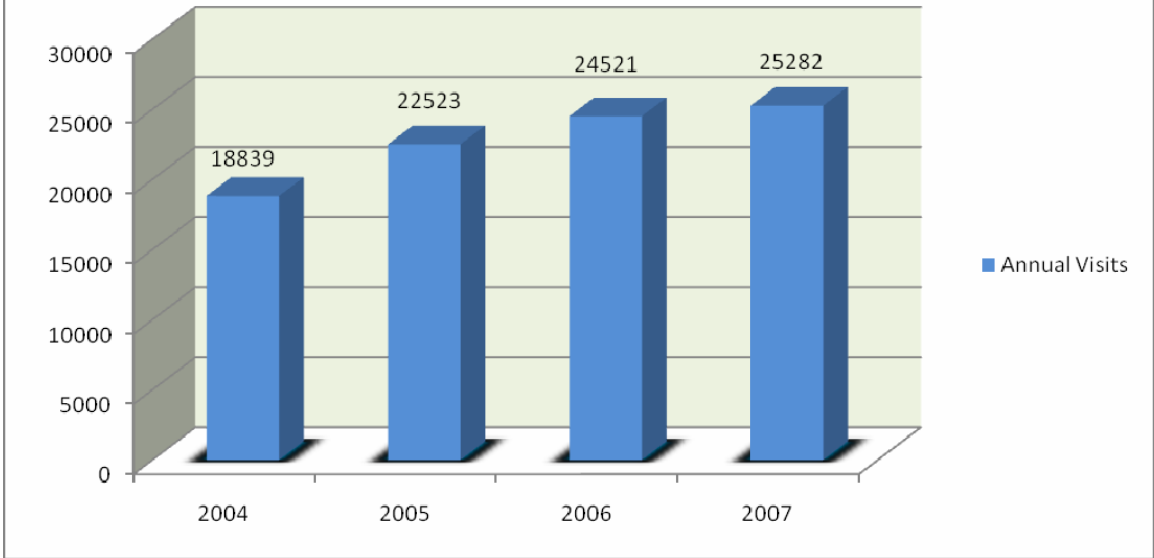
We are now seeing the community wide impacts on other state, county and independent service providers due to the increased utilization and our wait list. We are triaging the most serious of people and only treating those who are directly referred from hospitals or in-patient units. We are learning that an anecdotal outcome is that more and more people are engaging in dangerous behaviors, either attempting suicide or engaging in what is known as suicidal ideations and gestures because they are aware that the way to receive immediate service is to come through an emergency room or in-patient stay. As you can see, one organization’s attempt to manage an inequitably funded and complex system is inadvertently placing those very patients and the communities we are committed to serve in harms way with potentially fatal consequences.

In closing, what our mental health system needs is an overhaul and again we applaud the Governor and the Commissioner’s efforts thus far. However, that system change is much more long term than what we and several other Article 31 providers throughout the state need right now. The Board of Directors of HTC has authorized our decertification/closure of our operations if short term and immediate financial remedy is not forthcoming. Therefore, 3,000 people and another 400 that we know of are at risk of losing their single greatest mental health support network. The outcome could be catastrophic for them, and our entire community. We urge you to consider short term

funding options for outpatient providers like HTC throughout the state so we can continue to provide vital services to this very vulnerable population while at the same time continue to work with the Governor and Commissioner to transform the entire system.

Thank you for your time and attention.

### Annual Visits



### Impact of Overservice and Capped Threshold Reimbursement

