

# ***BROWN & WEINRAUB, PLLC***

## **2015-16 *FINAL BUDGET***

### ***HIGHLIGHTS: HEALTH & MENTAL HYGIENE***

#### ***Capital Funds for Healthcare Restructuring***

- Total of \$1.4 billion is appropriated to provide capital funding to support Health care facility transformation projects and to facilitate mergers, consolidations, acquisitions, or other restructuring activities around the State.
- ***Borough of Brooklyn***: A total of \$700 million is appropriated without competitive bid or RFP process to provide capital grants to general hospitals, residential health care facilities, DT&Cs, primary care providers, and home care providers. Eligible applicants must meet specified financial criteria and must serve communities with significant levels of healthcare disparities, needs and risk factors.
- ***Oneida County***: up to \$300 million is appropriated without competitive bid or RFP process for capital grants to hospitals or hospital systems located in the county of Oneida for purposes of consolidating healthcare facilities into an integrated system of care.
- ***Essential health care provider support program***: A total of \$355 million may be allocated by DOH, without competitive bids, for grants to essential hospitals or hospital systems to support debt retirement, capital projects or other projects that facilitate transformation, mergers, consolidations, or other restructuring.
- ***Community Health Care Revolving Capital Fund***: A total of \$19.5 million will fund a revolving capital fund for the purpose of making loans to qualifying non-hospital providers, to improve access to affordable capital financing, and to expand and improve capacity to provide healthcare in the State. Participating Borrowers may include DT&Cs and clinics licensed by OMH or OASAS.
- ***Community Restructuring Financing Program (under DSRIP)***: The \$1.2 billion appropriated last year for the CRFP under DSR I P will be rebid under a new RFA to be issued on or before May 1, 2015. (Projects awarded funding in Brooklyn or Oneida County above will not be eligible for these grant or awards.)

#### ***Vital Access Provider program***

- While a language change was made in the Article VII bill that essentially reiterated that VAP was open to entities beyond those in fiscal distress, the appropriations language (\$245M plus a federal match) limits the \$245M to “general hospitals that are safety-net providers that evince severe financial distress, pursuant to criteria determined by the commissioner,” which we understand to mean hospitals that received Interim Access Assurance Funds (IAAF). Additionally, there is \$40M for a “single public” PPS, for a total of \$285M in VAP funds.
- There is \$50M in VAP for behavioral health providers and potentially other services (see below).

### ***Private Equity***

- The Governor's proposal to allow a private equity hospital demo was REJECTED.

### ***HCRA Accountability***

- A work group to review the scope of funds collected and allocation of those funds is authorized, along with an annual report to the Legislature.

### ***Certificate of Need Reform***

- The proposals to reform the Certificate of Need process around the following providers were REJECTED:
  - Bringing Limited Services Clinic under CON
  - Defining and bringing Urgent Care Centers under CON
  - Repeal authorizing language for upgraded D&TCs
  - Primary care facility expedited review process
  - Reducing look-back period for character and competence
  - Changing rules around disposition of stock
- Additionally, most of the Legislature's CON proposals were rejected EXCEPT the Senate's proposal to set rules around improper delegation of authority to a hospital management consultant

### ***Office Based Surgery***

- Most of the Governor's proposal was rejected. Very limited changes to OBS reporting procedures were included.

### ***Block Granting of Public Health Programs***

- The final budget rejected the Governor's proposal to consolidate, and cut funding for, 41 public health appropriations into five funding pools aimed at providing flexibility to finance emerging health needs. The final budget restores line item funding for these proposals.

### ***Value Based Reimbursement***

- The final budget does NOT include the Governor's proposal to establish broad authority within DOH regarding regulating value based payments, which would have extended beyond the DSRIP Program.

### ***State Health Information Network of New York***

- The Capital Appropriations bill fully funded SHIN-NY at \$45M.

### ***Medicaid and Medicaid Reform***

- The final budget does not codify the Medicaid Global Cap, but just extends the cap for one year.
- The final budget includes to \$5M in grants for criminal justice health homes (to coordinate services between health homes and the criminal justice system).

### ***Basic Health Plan***

- The final budget includes the Basic Health Plan (which the Senate would have rejected).

### ***Health Benefit Exchange Tax***

- There is no new Exchange tax. We understand the costs for the Exchange will be funded out of HCRA.

### ***Primary and Preventive Care***

- A total of \$19.5 million will fund a revolving capital fund for the purpose of making loans to qualifying non-hospital providers, to improve access to affordable capital financing, and to expand and improve capacity to provide healthcare in the State. Participating Borrowers may include DT&Cs and clinics licensed by OMH or OASAS
- The State has delayed the rate reduction for those with 2011 PCMH accreditation. Rates will be cut for providers not meeting 2014 PCMH standards by January 1, 2016. (This was an administrative action taken last week.)
- The Governor's proposal to limit the benefit of participating in the 340B pharmacy program was REJECTED.
- Proposals to block grant and cut public health programs was REJECTED, including workforce and school-based health clinics.
- The transition of school-based health clinics into managed care has been delayed. (This also was a result of administrative action last week.)

### ***Population Health Improvement Programs***

- The final budget fully funds the PHIPs, and the Finger Lakes Health Systems Agency.

### ***Roswell Park Cancer Institute***

- Full funding is provided to Roswell Park ( \$87.1M in the Aid to Localities bill, plus \$15.5M in the Capital Projects bill).

### ***Pharmacy***

- All of the Governor's pharmacy proposals, including 340B, were REJECTED.

### ***Rochester GME/Covered Lives***

- While both houses wanted to include this proposal to treat the covered lives assessment differently for the Rochester area, it was NOT included in the final budget.

### ***DOH Transparency***

- There are many provisions that would require heightened DOH accountability to the Legislature.

## ***Behavioral Health and Substance Abuse***

- There is no specific language proposing merger of OMH and OASAS.
- \$50M additional dollars is included for Vital Access Provider services “to preserve essential behavioral and other services in targeted areas of the state.”
- Extends APG rates paid to managed care organizations for ambulatory behavioral health services for an additional 6 months through 6/30/17 (NYC) and 12/31/17 (outside NYC).
- Fully funds last year’s 2% COLA for direct care and support staff for a wide range of human services agencies, effective January 1, 2015, and an additional 2% for those workers plus clinical staff effective on April 1, 2015.
- \$10M to OASAS, OMH or OPWDD non-profit providers for IT systems, EMR, billing systems, other hardware or infrastructure costs, including training and TA, associated with transition to Medicaid managed care.
- A total of \$19.5 million will fund a revolving capital fund for the purpose of making loans to improve access to affordable capital financing, expand and improve capacity to provide healthcare. Participating Borrowers may include DT&Cs and clinics licensed by OMH or OASAS.

## ***OMH***

- Fully funds community mental health reinvestment (\$51.5M). These funds fully annualize last year’s \$44 million in Community reinvestment dollars, plus an additional 7.5 M (15M phase in).
- \$68 M in BIP funding is to improve community, employment, transition to managed care, expansion of health home capacity; 250 HCBS waiver slots; community residences; and PROS outpatient programs.
- Enhanced services to reduce recidivism and potential violence in the community for “at risk” persons with mental illnesses in prison, OMH facilities or who are discharged to the community (\$22M).
- Supported housing to address the settlements in the adult home litigation (\$38M) and nursing home litigation (\$12M).
- The Mental Health Crisis Intervention Demonstration Program is expanded to assist law-enforcement officers in responding to crisis situations involving persons with mental illness.

## ***OASAS***

- An additional \$6.72M funding is added to combat heroin addiction for a total of \$9.52M (including \$2.8M from last year). These funds will continue to support treatment and prevention programs, residential service opportunities, and public awareness and education activities.
- Expanded Community Services. Funding for 80 new congregate care beds associated with the NY/NY III program, and additional community services

funded from a planned 5 percent reduction in OASAS-operated inpatient Addiction Treatment Center capacity.

***OPWDD***

- \$177 Million in BIP funding to improve services to developmentally disabled persons by engaging providers, advocates, and community leaders to develop systematic improvements to delivery systems.
- \$124 Million for 3500 new residential, day programs, employment, case management, and respite service opportunities for individuals with developmental disabilities.
- \$42 M to transition individuals to less restrictive community-based setting from developmental centers, consistent with the State's Olmstead Plan.
- The final budget also directs \$850M in settlement funds to repay the federal government for outstanding Medicaid liabilities for the DD population.