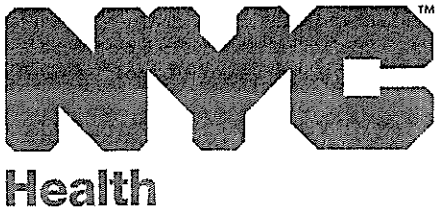

Testimony

of

Thomas R. Frieden, M.D., MPH
Commissioner
New York City Department of Health and Mental Hygiene

before the

New York City Council

Committee on Finance
Committee on Health
Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disability Services

regarding

FY10 November Financial Plan

November 20, 2008

City Hall
New York City

Good afternoon Chairpersons Rivera, Koppell, Weprin and members of the Committee on Health, Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disability Services and Committee on Finance. I am Dr. Tom Frieden, New York City Health Commissioner.

The City's commitment to public health remains strong. This Administration's public health initiatives and the important support of the City Council have helped New Yorkers live longer and healthier lives than ever. Under Speaker Quinn, the City Council has championed public health and mental hygiene, designating more than $150 million to health organizations since FY07, and we are working closely together to ensure that this funding is spent efficiently and effectively. The Council's support has been particularly important to our efforts to address colon cancer, HIV, infant mortality and mental health issues for older adults and young children. Together we should feel proud of these accomplishments. We appreciate the Council's commitment to health and look forward to working with you as we navigate these turbulent economic times.

New York City is healthier than ever. We have 300,000 fewer smokers, meaning that 100,000 people will live longer. Our infant mortality rate fell to its lowest ever – 5.4 deaths per 1,000 live births, far lower than the national rate. We now have 1,600 first time mothers and their families enrolled in the Nurse-Family Partnership, making it the largest such program in the country. Child lead poisonings have fallen almost 60% in the past 6 years. New tuberculosis cases have declined 20 percent since 2003. We have greatly expanded HIV prevention and voluntary HIV testing. And, New Yorkers are living longer than ever – 78.7 years, which is higher than the national average of 77.9.

Despite the worst financial crisis in 70 years, we will continue to make progress. The agency fiscal context is noteworthy. This PEG comes on the heels of significant cuts required last year and recent cuts in state and federal funding. During the past few years, we have had a more than $20 million annual reduction in federal funding in the areas of HIV/AIDS, tuberculosis, sexually-transmitted disease control, immunization and emergency preparedness.

The City has also experienced significant losses in state funding, including grants in several of the areas just discussed but more notably in our core state local assistance funding resulting in a nearly $7 million loss in state funds for the current fiscal year. The combination of increased fiscal pressures makes it very likely that we will face even larger state funding reductions in the coming year.

One of our core values as an agency is to be diligent stewards of public resources, and we work hard to ensure that every dollar is well spent. Over the past several years, DOHMH consistently met at least half of its required savings targets (and frequently, a much higher proportion) with revenue-related initiatives, avoiding $110 million in total programmatic and operational reductions through the current fiscal year, and roughly $45 million in avoided service cuts on annual basis for FY10 and beyond. This has been especially challenging considering that many DOHMH programs, including vaccinations, STD clinics, Early Intervention, correctional health, school health and animal control are all legal mandates that the Agency is required to support regardless of the fiscal situation.

The Mayor's recent request for agencies to find savings of 2.5% for FY09 and an additional 5% for FY10 and the out-years requires us to be creative in finding ways to protect core services and maintain quality of life while contributing to the City's overall fiscal stability. We reviewed our existing programs rigorously, focusing on programs proven to save lives or make significant improvements in health and mental hygiene.

For example, independent analyses as well as our own evaluations show that hard-hitting anti-tobacco media campaigns save lives. The Department's campaigns helped spark an almost five-fold increase in calls to 311 for quit-smoking assistance, from about 11,000 in FY05 -- the year that preceded the launch of the Health Department's anti-tobacco media campaign -- to more than 50,000 calls in FY08. New York now has 300,000 fewer smokers than 6 years ago, preventing about 100,000 premature deaths in the future. Our media campaigns have driven a significant portion of this decline. In fact, our own experience is that without these campaigns, the reduction in smoking stalled. This is consistent with an article from the prestigious New England Journal of Medicine, which showed that California's consistent smoking decline stalled when its comprehensive tobacco control program was made less effective by reducing program funding and toning down its aggressive media campaign.[1] Multiple studies, including a recent comprehensive review by the National Institutes of Health, confirm similar findings in states with comprehensive tobacco control programs. When anti-tobacco campaigns are weakened by cutting funding or diluting aggressive messages, states see a flattening or reversal of smoking prevalence declines.

In making decisions about how best to achieve savings, DOHMH uses a three-tiered process. First, we identify revenues that can help meet targets, resulting in the need for fewer service cuts. This often includes maximizing federal and state revenue or improving the collection and recognition of revenues we already receive. We have been able to achieve our entire FY09 target and more than 40% of our FY10 target through revenue-related initiatives.

Second, we identify efficiencies to provide the same service at lower cost. We streamline business processes, trim lower-priority purchases and consolidate activities to ensure that every dollar spent yields the greatest possible public benefit. The Department's FY10 budget includes almost $400,000 dollars in cuts to central administration and other efficiencies, including canceling certain consultant contracts, postponing technology upgrades, reducing vehicle use and transportation costs, and scaling back the purchase of office supplies and patient incentives.

We are also closing the part-time East Harlem STD clinic due to low utilization, saving the City $273,000 annually. Clinic visits to this site accounted for only 3.8% of the total DOHMH STD clinic visits over the past few years, and 63% of the patients treated at this clinic are from outside the East Harlem neighborhood. DOHMH will continue operating nine clinics, including nearby sites in Central Harlem, Riverside, and Chelsea. Closing this clinic will allow DOHMH to transfer East Harlem staff to our busier clinics to enhance services where they are needed the most. There are no layoffs associated with this action.

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[1] Fichtenberg C, Glantz S. Association of the California Tobacco Control Program with Declines in Cigarette Consumption and Mortality from Heart Disease. New England Journal of Medicine. 2000; 343: 1772-1777.

Third and most challenging, we identify programs and operations that, however well run, can be cut with the least impact on public health of the options available. Instead of reducing programs across the board, we target reductions in order to minimize the negative public health impact. These are the most difficult cuts to make, but unfortunately they are sometimes inescapable. Reducing or eliminating programs is never easy.

As proposed in the November Plan, DOHMH will no longer provide direct oral health services, saving the City $2.5 million in FY10, and $3.4 million in FY11. All sites will cease operation by the Department at the end of the fiscal year, including our five health-center based clinics and 39 community-based sites, mostly in schools. The Health Department provides oral health services to approximately 1% of the City's children; most free and low-cost children's dental services are provided though Medicaid and Child Health Plus, which are available in New York State to children whose family income is up to 400% of the federal poverty level. Medicaid as a funding source for oral health care remains under-utilized: only 45% of children in Medicaid managed care – who are all covered for dental care – had a dental visit in the past year. If this percentage increased to just 50%, more than 50,000 additional children would receive dental services—approximately three times the number currently served by DOHMH's oral health program.

DOHMH will work to help families access low-cost dental services. We are in the process of identifying providers who may be able to take over services at some or all of our current locations, or absorb our patients into their practice. We will also help families make a smooth transition to a new provider, either through Medicaid/Child Health Plus through HHC or through Federally Qualified Health Centers.

Unfortunately, closing our oral health program requires us to lay off 92 employees, including dentists, dental hygienists, and dental assistants. Our Human Resources department is committed to helping employees who will be laid off with job skills training and outplacement help.

We would very much prefer not to have to make this service reduction. By finding oral health providers in the community to serve these children, linking them to care, and doing everything we can to smooth the transition for affected employees, the Health Department will minimize this cut's impact.

Mental hygiene cuts will achieve total savings of $4.4 million in FY10. While most of these savings will come from revenue, claiming, and efficiency measures, some may have program impact. The savings are from program closures that have been initiated by the service providers, as well as from closures of underperforming programs that have repeatedly failed to meet contractual commitments for the number of people served or which have had multiple bad audits and failed to correct their performance. In all cases, consumers will be redirected to remaining programs, and no one who is currently receiving services will be denied services. Also, funding will be reduced for six HHC clinics and nine community-based programs serving individuals with developmental disabilities, and for two HHC programs serving children and families affected by HIV which have other sources of funding. DOHMH will also reduce a

limited number of contracted mental hygiene services by 2% or less, asking programs to identify efficiencies. We believe the vast majority of these reductions will be offset through efficiencies or by maximizing other available sources of public funding such as Medicaid.

Funding for Animal Care and Control (AC&C) will be reduced by $434,000, or approximately 5% of the projected FY10 budget. This is the first reduction to AC&C's budget in more than five years, and is in line with the overall reduction to DOHMH's budget for FY10. Had AC&C not been protected from other recent budget reductions, it would have faced millions of dollars in additional cuts. We will work closely with AC&C in the coming months to minimize the impact on animal welfare and public health.

The November Plan also includes funding reductions for a wide range of other programs, services and administrative operations. Other funding cuts include a reduction of funds to purchase Plan B emergency contraception pill packs; reducing the number of "safe house" apartments used to house families whose homes are undergoing lead abatement; a reduction in training sites and sessions for the fitness programs; and small reductions in education and surveillance for children suffering from asthma.

We are facing tough financial times that will without a doubt get worse. We will work hard to continue the progress we've made together over the past seven years. Decisions to reduce or eliminate programs are not made lightly and are proposed only when we've exhausted all other options.

I appreciate the Council's support for health and mental hygiene in New York City and look forward to our continued work together. I'm happy to answer your questions.

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Committees on Health and Mental Health, Retardation, Alcoholism, Drug Abuse and Disability Services jointly with the Committee on Finance

Hon. Joel Rivera, Chair of the Committee on Health
Hon. Oliver Koppell, Chair of the Committee on Mental Health, Retardation, Alcoholism, Drug Abuse and Disability Services
Hon. Annabel Palma, Sub-Committee Chair on Alcoholism and Substance Abuse

OVERSIGHT – MAYOR'S NOVEMBER PLAN
11:30 AM, November 20, 2008, City Hall Chambers

PUBLIC HEALTH

Elimination of the Oral Health Program for Children

The Department proposes eliminating the Oral Health Program which was created in 1903 and provides dental services to children through 44 school-based and health center sites. The program is funded in the amount of $2.5 million in Fiscal 2010, $3.4 million in Fiscal 2011 and $3.5 million in 2012 and the outyears. The program employs 57 full-time and 35 part-time staff that will be laid-off as a result of this program to eliminate the gap. The Department plans to retain staff to promote citywide access to dental care and maximize Medicaid and other publicly provided dental benefits.

Decision to Cut Program

1. On what basis was the decision made to completely eliminate the oral health program and when was this decision made?
    a. Why did the Department decide to eliminate the program instead of reducing it temporarily until more funding becomes available?

2. What was the mission of the oral health program when it first began more than a century ago? Has the mission changed since the founding of the program?
    a. Has DOHMH's mission changed since the founding of the oral health program in 1903 such that ending the program is now supported?

3. Does the Department operate or otherwise support any direct service programs other than the oral health program? For example, does the Department operate clinics or fund visiting nurses?
    a. How do these programs differ from the Oral Health program?

4. If the Oral Health Program is eliminated, would you plan to restart it once the City's financial situation improves? Why or why not?

Need for Oral Health Services

5. Do you consider oral health to be a necessary part of primary and preventive care?
    a. Does providing regular dental care prevent emergency room visits?

6. In the recent Primary Care Initiative report, 49.7 percent of survey respondents indicated they had trouble finding dental care in their neighborhoods. Do you believe there is an unmet need for oral health services among low-income, under-insured or uninsured children?

7. Do you believe the city should support oral health programs?
    a. In what way do you believe the city should carry out that mission if not through the Department of Health and Mental Hygiene?

Utilization and Productivity at Program Sites

8. How many individual patients used the oral health program in fiscal year 2008?
    a. Is the number of patients more or less than in fiscal year 2007? What is the reason for the change?

9. Given the clearly identified need for oral health services, why is the utilization of the DOHMH clinics so low?
    a. Is lack of publicity for the program a factor?
    b. Is a lack of consistent and/or convenient hours of operation a factor?
    c. How does the utilization compare to other dental service programs in the city or elsewhere?

10. Data supplied by the Department to Committee staff indicates that, between Fiscal Years 2007 and 2008, visits to all DOHMH oral health program sites declined by 11,817 visits, or approximately 25 percent. What accounts for this decline in total number of visits?
    a. Is a reduction in staffing or hours a factor in the decline in visits?
    b. Is a lack of promotion of the program a factor in the decline in visits?

11. Previously, the Department has explained their decision to close oral health service sites based on utilization and productivity. Are these factors being considered now? Why or why not?

12. In the past 3 years, how much money has been spent on advertising and promotion for the Oral Health Program? What have these funds been spent on? Please be specific.

13. The Department has stated that dental clinics should be held to a productivity standard of 1.5 children per hour. How was this standard determined? Does it take into account time spent on administrative tasks or the type of procedure being performed?

DOHMH's Plan to Refer Children to Other Services

14. If the oral health program is eliminated, where does the Department expect the children who currently receive services to go?

15. Has the Department contacted these entities or individuals to confirm that they have the capacity to handle these new patients?
    a. Has the Department informed these entities that these new patients would be referred to them?

16. How would children pay for services at the new facilities?

17. How many dentists in New York City accept Medicaid?
    a. Do all of these dentists accept new patients?
    b. Has there been any analysis performed to show whether these providers would be able to absorb the tens of thousands of visits who have been participating in the oral health program?
    c. Does the Department know how long it takes to get an appointment with a dentist who accepts Medicaid?
    d. Is the Department concerned about relying on Medicaid dentists as a substitute for the oral health program, considering that a recent federal report found that nearly 2 out of 3 children enrolled in Medicaid do not receive dental care?
    e. What would the Department do to ensure these students would be enrolled in Medicaid and find a dental home?

18. How many HHC dental clinics are there? Where are they located?
    a. The federal and state governments have both reported the possibility of deep cuts to Medicaid in the near future. Safety net hospitals such as HHC responded that they would likely have to cut services such as vision and dental care. Given this, how can the Department expect these facilities to absorb the oral health program patients?
    b. Does the Department have any sense of how long it takes to get an appointment for dental services through HHC?
    c. Have you discussed with HHC their capacity to absorb the new patients?

19. In the last 2 years, well over half of all patient visits in the oral health program occurred at school-based sites. These sites are convenient for parents who do not have to take time off of work to chaperone their children. Do you think that any of the locations that you will be referring children to are adequate substitutes for the school-based clinics?
    a. Given the low utilization of dental services through DOHMH's clinics and the Medicaid managed care system, isn't it likely that closing the conveniently located clinics in the schools will only decrease the number of children getting dental care?

20. Would the Department consider maintaining some of the program sites, particularly the school-based sites, until other providers could be found to run them, possibly using Medicaid reimbursement?
    a. Would the Department consider contracting with a provider to operate these sites?

21. If the program is eliminated, how you will assist children and families in seeking new services?

22. How can an individual find a dentist who accepts Medicaid?
    a. Is this information available through 311? On the internet?

23. According to the November Plan, 57 staff of the oral health program will be laid off. How many staff members would be retained?
    a. What functions would they serve?
    b. Would they be assisting families in finding new locations to receive services?
    c. Would they work to promote greater use or availability of dental care?

Miscellaneous

24. If the program is eliminated, what will the Department do with its dental equipment?
    a. Has the Department purchased new equipment for the program in the past 2 years?

25. Doctors Council reports a 29 percent drop in the number of dentists working in the oral health program since fiscal year 2006. Has the Department hired any new dentists to replace those that have left the program? How many dentists have been hired in the last 2 years?

Close the East Harlem Sexually-Transmitted Diseased (STD) Clinic

The Department proposes closing the East Harlem STD Clinic which is funded in the amount of $273,000 in Fiscal 2010 and the outyears. Patients will be re-directed to nearby clinics in Central Harlem, Riverside, Chelsea or Morrisania. Of the 100,000 STD clinic visits in Fiscal 2008, approximately 4,428 occurred at the East Harlem clinic. According to the Bureau of STD Control's 1st Quarter 2008 report, Central Harlem had over 10,000 visits (8.8 percent of citywide visits), East Harlem had 4,428 visits (3.9 percent), Chelsea had over 21,000 visits (18.8 percent) and Riverside had over 10,000 (9.5 percent). DOHMH plans to reassign staff located at the East Harlem clinic to other public health STD clinics in Manhattan.

1. On what basis was the decision made to close the East Harlem Clinic and when was this decision made?
    a. Why did the Department decide to close the clinic instead of reducing hours or cutting back services in another way temporarily?

2. Why did the Department choose the East Harlem Clinic as opposed to one of the other STD clinics?
    a. Given the higher rate of STD infections among youth in East Harlem, is the Department concerned that patients in this neighborhood will not receive needed services once the clinic closes? Why or why not?

3. How will the Department ensure that patients who would have used the East Harlem Clinic will be properly redirected to other STD clinics?

4. What does the Department plan to do with the facility where the East Harlem Clinic is located?

Revise State Funding

The Department will realize a savings in the amount of $3.7 million in Fiscal 2009, $2.7 million in Fiscal 2010 and $2.5 million in Fiscal 2011 and the outyears due to a revision in DOHMHs budget to more accurately reflect all available state funding.

1. What available State funding streams is the Department more accurately reflecting? For example, is it Article 6 matching funds?
    a. If it is a number of State funding streams can the Department please provide the Committees with a list of them and the specific funding breakdown?

Additional Administrative Tribunal Fine Collections

The Department is increasing its budget for collections will achieve a savings in the amount of $3 million in Fiscal 2009 and the outyears from fine enforcement efforts and inspection activity on public health code violations.

1. Why was the anticipated revenue from enforcement efforts and inspection off by $3 million?

Administrative Efficiencies

The Department will reduce its Administrative PS and OTPS by $2 million in Fiscal 2010 and the outyears.

1. Please provide the committee with a list of the PS and OTPS that will be reduced by this PEG.

Alternative Budget Cuts

1. Is the Department willing to work with the Council and OMB to formulate alternative cuts that do not affect DOHMH services directly?

2. What does the DOHMH currently spend - in total - on public awareness advertising and outreach on its programs and initiatives? What does the DOHMH plan to spend on advertising and outreach on the new low-sodium campaign that has been reported recently in the news?

3. In your opinion, if the Department reduced funds for various advertising campaigns during difficult fiscal times, would it be possible for those budget lines to return when the financial situation improves?

MENTAL HYGIENE

Retroactive Medicaid Funding for Early Intervention Services

The Department will recognize Medicaid revenue received for services provided prior to Fiscal 2009 for a savings in City funding the amount of $1.8 million in Fiscal 2009.

1. What Fiscal Years will the Department recognize Medicaid revenue received for services provided?

Mental Hygiene Funding for HHC clinics

The Department proposes the reduction in funding to HHC clinics in the amount of $1.7 million in Fiscal 2010 and the outyears by reducing mental health, alcohol/chemical dependency and mental retardation services provided at HHC Clinics.

1. Please provide the Committees with a listing of the HHC clinics that will be affected by this reduction.

2. Will this affect CBOs that contract with the Department?

Mental Hygiene Contracts

The Department proposes decreasing its mental hygiene contracts in the amount of $2.7 million in Fiscal 2010 and the outyears by reducing underperforming contracted mental hygiene services which would be realized through program closures and targeted service reductions. The Department will redirect clients to remaining programs.

1. What are the criteria for reducing contracts of CBOs that provide mental hygiene services?

2. Does the Department have a list of program closures and targeted service reductions to share with the Council?

3. Will Council-funded mental health providers be part of this reduction or will they be held harmless considering the amount of Council-funded mental health funding that was cut out of the Fiscal 2009 Adopted Budget ($10 Million)?