More than 50 million adults—22% of the U.S. adult population—suffer from mental illness or substance abuse disorders every year. In New York State, this number is estimated to be about 3.5 million adults and 500,000 children and adolescents. However, mental illness is usually untreated; only one in five people with mental illness receive care and less than 50% of those with serious conditions receive care. Numerous studies have shown that serious mental health and substance abuse disorders are treatable and that cost-effective, appropriate treatment saves lives and significantly improves the overall health of millions of Americans.

In December 2007, HANYS surveyed member hospitals that provide mental illness or substance abuse treatment—also known as behavioral health services. The goals were to quantify the extent of the services provided in general hospitals and to evaluate the viability of these services continuing into the future, given the fiscal outlook of hospitals. Of our 117 members that provide these services, 63 responded—resulting in a 54% response rate. A summary of the results follows.
CARING FOR OUR COMMUNITY

Hospitals established under Article 28 of the New York State Public Health Law offer inpatient programs that include child, adolescent, adult, and geriatric psychiatric units, detoxification and inpatient rehabilitation units, and comprehensive psychiatric emergency programs. According to the Office of Mental Health, 167 hospitals provide mental health services in New York State, which includes Article 28, Article 31, residential treatment facilities, and state psychiatric centers. Within these hospitals, 11,927 beds are available for mental health patients—an integral part of the behavioral health continuum of care. Article 28 hospitals have more than 7,800 of these beds (65%); 820 of these are licensed for children. The average occupancy rate is extremely high at 90%; meaning about 10,734 beds are typically in use at any given time to treat mental illness. As of 2005, the average length of stay in an Article 28 hospital’s inpatient psychiatric unit was 14.81 days and there were 116,753 discharges that year.

According to the Office of Alcoholism and Substance Abuse Services (OASAS), New York State has 180 hospitals with either certified or “scatter” beds to provide detoxification services. These hospitals have 1,069 beds statewide and, in 2005, had 101,171 substance abuse discharges. Scatter beds are hospital beds that are not designated as detoxification beds, but are sometimes used to provide detoxification services.

In addition to inpatient services, two-thirds of New York State hospitals provide outpatient services. Typical hospital outpatient services include child, adolescent, and adult mental health clinics, child and adolescent day treatment, continuing day treatment, partial hospitalization, crisis outreach, intervention, and residential services. Deinstitutionalization of individuals at state psychiatric hospitals over the years led to the need to build a more effective community-based system of care. Housing, rehabilitation, case management, and other community supports were put in place to help people with psychiatric disabilities live more successfully in the community. In 2005, Article 28 hospitals had approximately 3.5 million outpatient mental health visits and 950,000 outpatient substance abuse visits.
On September 17, 2007, Aurelia Osborn Fox Memorial Hospital closed 16 adult and 12 adolescent behavioral health beds due to inadequate service reimbursement and drastic financial losses over three years. The closure has been a challenge for Oneonta residents, particularly with the adolescent beds closure, as those beds are rare. Former Fox patients now have to travel 25 miles to Cooperstown or 50 miles to Binghamton to receive mental health care. President John Remillard said closing the beds was one of the hardest things he had to do, but the financial loss from the behavioral health beds was beginning to cause other hospital programs to suffer. Unfortunately, Fox is just one example of this statewide crisis.

FINANCIAL PRESSURES MOUNTING

More than half of the state’s hospitals lost money or recorded margins of less than 1% in 2006. This follows an eight-year trend of annual hospital losses that totaled $2.4 billion. Health care economists recommend hospitals operate with 4% financial margins, and as a whole, New York State is the second worst in the nation with an operating margin of 0.9% in 2006.

Facilities providing behavioral health services may face even greater losses. The typical behavioral health program loses money, with only 12.7% of the survey respondents saying their programs have a positive operating margin. Overall, respondents noted losses of approximately $103 million in 2006. This deficit increased to almost $111 million in 2007. This means that on average, each hospital lost almost $1.8 million in 2007. The following chart shows the statewide financial losses in each type of behavioral health program.
THE IMPACT ON THE COMMUNITY

The growth of behavioral health services in Article 28 hospitals happened because of the dramatic shift from institutionalization to providing care within the community. At its peak in 1955, the state’s psychiatric hospital system had more than 90,000 beds. Today, that number is approximately 5,000. As individuals moved back to their communities, Article 28 hospitals took the lead in developing services to enable these people to live and thrive in the community. Survey respondents note that the majority of their behavioral health patients (more than 80% for mental health and more than 70% for substance abuse) come from within the community. If programs continue to endure financial pressures and close, patients will be forced to travel much further for care.

For those patients requiring inpatient care, the majority—more than three-quarters of mental health and substance abuse patients—return to their home or community. Only about 5% of behavioral health patients are transferred from general hospitals to state psychiatric hospitals upon discharge. Sixty-one percent of respondents that provide mental health services said they had severe difficulty transferring patients to state psychiatric hospitals. Knowing that state psychiatric hospitals on average have a 90% occupancy rate, it is clear why Article 28 hospitals have trouble transferring their patients to these facilities.

<table>
<thead>
<tr>
<th>Region</th>
<th>Mental Health</th>
<th>Substance Abuse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>81.08%</td>
<td>72.19%</td>
</tr>
<tr>
<td>Within Region</td>
<td>16.87%</td>
<td>27.50%</td>
</tr>
<tr>
<td>Outside Region</td>
<td>4.64%</td>
<td>9.32%</td>
</tr>
</tbody>
</table>

**MAJORITY OF PATIENTS RECEIVE LOCAL SERVICES**
Mental disorders and substance abuse are chronic illnesses that require an ongoing system of support. Hospitals cannot be the only source of help; community programs are necessary and further strengthening the outpatient community system is essential. Unfortunately, the lack of community outpatient programs causes many patients to be re-admitted to hospitals. Of the respondents, 67% reported they readmit patients within nine months for mental health disorders (80% with the same disorder), and 38% readmit within nine months for substance abuse disorders (95% with the same disorder).

STRUGGLING TO RECRUIT AND RETAIN WORKERS

Workforce shortages significantly affect patient care because the shortage of workers hinders health care providers’ ability to deliver timely, quality care. New York State’s population age 65 and older increased by 25% between 1980 and 2000. According to the New York State Department of Labor, the total number of jobs needed in health care is expected to grow 18% by 2012—more than twice the rate of growth of all other occupations.

Behavioral health is hit hard by the workforce shortage. Hospitals have expressed difficulty in recruiting and retaining nurses, psychiatrists, and social workers to work in mental health or substance abuse areas. This places additional burdens on current employees, forcing them to work extra shifts and leading to a strained work environment. More than 77% of respondents noted at least one area in which they were short staffed. The following graph shows the percent of respondents reporting needing staff in each of the employee categories.

---

OSWEGO HOSPITAL

In 2007, Oswego Hospital was forced to discontinue behavioral health expansion programs due to a shortage of qualified employees, particularly social workers and psychiatrists. The hospital was not able to take new patients for its outpatient children’s services, and the shortage made the hospital unable to open satellite clinics in rural areas. The workforce shortage caused the community to suffer, and with community programs limited, emergency room visits increased, police involvement with behavioral health patients increased, and schools were angry because they could not obtain services for their children in need.

The hospital recently was able to hire the staff necessary to begin expanding programs. However, the recruitment and retention in rural and under-served areas continues to be a challenge.
OUR ADVOCACY SOLUTION

Article 28 hospitals have played a major role in providing behavioral health services to their communities. However, with each passing year, hospitals struggle to balance the demand for services with the financial pressures they endure. Many will not be able to absorb the losses year after year and the closure of programs is fast approaching.

This year’s proposed 2008-2009 Executive Budget does contain long overdue increases in outpatient health clinic rates for Article 28 hospitals—but mental health services are carved out. In addition, the budget recognizes that community mental health programs are struggling financially and directs additional funding to these services, but unfortunately, this is only a modest down payment and is not nearly adequate to develop new or expand current programs. In addition, there is no new funding included in the budget for outpatient substance abuse community services.

The proposed budget would, in fact, reduce payments for acute detoxification services by $70 million in state fiscal year 2008-2009 alone. In addition, it proposes to reduce funding by more than $4 million for continuing day and day treatment mental health outpatient programs.

Interest in reforming the detoxification services delivery system has been growing for several years. HANYS believed that one concern—that inpatient per discharge payments were too high—was addressed by the recent updating of Medicaid Diagnosis Related Group (DRG) weights. That undertaking resulted in an average savings to the state of 11%. However, we were surprised and disappointed that the 2008-2009 proposed budget seeks additional savings.

HANYS does not oppose treating detoxification services as exempt services—thereby converting to a per diem payment. Indeed, hospitals recommended several changes previously to create a separate observation period and to distinguish between medically managed care and medically supervised care—also goals of OASAS. While OASAS also seeks to develop more community-based alternatives, that development has been slow.
We believe that maintaining a multi-year plan is appropriate, and we recommend:

- the effects of rebasing and reweighting for detoxification services should be phased in over multi-year periods, the same as all other services;

- the state should use the same cost-finding approach as it proposes to use for all other services—not a unique approach to further reduce one service; and

- the introduction of length-of-stay discounts are drastic and should be revisited with the benefit of current facility-specific data and include the extent to which aftercare services are available on a regional basis.

Before the level of care in inpatient programs can decrease, an outpatient foundation needs to exist, which currently does not. Reform is necessary and long overdue. However, new service structures must be created before old ones can be eliminated.

HANYS remains prepared to work with the appropriate agencies on all of the above recommendations. HANYS encourages lawmakers to address the issue of community program development before implementing cost saving measures that will likely jeopardize the current inpatient infrastructure.

**CONTACT INFORMATION**

For questions about these survey results or more information about HANYS’ behavioral health advocacy agenda:

**CINDY LEVERNOIS**
HANYS’ Director of Behavioral Health and Workforce
(518) 431-7744
cleverno@hanys.org