

## **CFAC Minutes**

### **Special Meeting held October 1, 2009**

**Present:** Allen, Cheryl, Benita, Diane, Linda, Leslie, Edward, Heather and Michael

#### **Introduction:**

*A special meeting of CFAC was called in order to review OPC's plan for managing the budget cuts for the current fiscal year. During the regular September meeting of the CFAC, members agreed to come together on October 1<sup>st</sup> for this purpose.*

Michael reminded members that OPC was required to submit their plan to the Division by Monday, October 5, 2009. OPC management wanted to get feedback and input from consumers, family members, and other stakeholders. Michael asked CFAC members at this meeting to feel free to share the budget information with their peers and family members. He also noted that information about how OPC would deal with budget cuts was posted in a Q&A document on the LME's website.

Michael outlined the scope of the cuts and the stipulations set forth by the state on how LMEs were to manage the reductions. OPC was required to cut \$2,250,518.00. This amount is approximately 21.5% of OPC's IPRS funds (not including funds for crisis services). LMEs were told that they could not reduce federal funds, or any crisis funds. CFAC members thought this was wise. They expressed concern that significant cuts to community-based services that help people maintain their recovery and stability would bring about a higher need for crisis services. Michael said that the state had cut 10.3% from funding to Cross Area Services Programs (CASP), so LMEs could not make further cuts in this area. CASP dollars help to fund programs that serve consumers from multiple LMEs, such as Caramore and some of the programs operated by Freedom House.

In addition to reductions in CASP funding, the state also designated cuts in specific areas. A total of \$928,923 was cut from DD funds. These cuts were required because of legislation passed during the last session that prohibits spending state dollars on persons receiving services under the CAP/MR-DD waiver. This was particularly problematic for OPC because state money had been provided to some of our large providers of DD services, particularly those who provide residential and vocational services. While these providers do serve persons who are part of the CAP/MR-DD waiver, they also serve many people who are not covered under the waiver. In fact, the services they provide to persons who are not in the waiver would more than cover the IPRS dollars in their contracts. But the state ran a report of billed services and several CAP recipients showed up on that report, which is how the state determined the level of cuts LMEs would receive in DD funds. OPC knew that we would be facing a significant cut in this area, so we had already reduced funding for these providers when contracts were developed for the current fiscal year. The three largest of these providers (Chatham County Group Homes, Person County Group Homes, and Residential Services Inc.) lost about 50% of their state funding this year. Cheryl noted that it was hard to digest this information, and asked whether CFAC members could hear examples of how these cuts might affect real people. Michael noted that in a worst-case scenario some people could lose their housing, though he was certain that providers were doing everything they could to prevent this from happening. People could also receive fewer hours of vocational services. Benita said that her sister's vocational program was looking at having some people attend for only half a day, though Benita was advocating for this not to happen. Benita also asked whether the regional centers are ready for a potential increase in referrals if consumers lose their housing, but Michael did not know the answer to this question. He agreed to check into this for her, as well as to get more specific information on OPC's plan was to respond to crises that arise if and when consumers lose housing.

Michael said that the last reduction that had been dictated by the state was \$110,666 cut from CTSP funds (the money that helped cover services for adolescents who had been a part of the "Willie M" class). This amount was determined because the state included this funding stream in the "non-core service" reductions passed by the legislature.

OPC management staff had 3 primary goals as they worked to sort out how to manage these budget cuts:

1. preserve services as much as possible to reduce impact on consumers
2. spread cuts as evenly as possible across disability groups
3. try to manage cuts in a way that doesn't jeopardize the stability of providers

Michael said that OPC did not to use county funds to offset the required cuts because OPC had already allocated 82% of its county funds for service in the current fiscal year. Edward asked whether CFAC's budget comes from county funds, and Michael said that it did. Members asked whether there had been any discussion about asking CFAC to return some of its budget, and Michael said he was not aware of any discussion along these lines taking place. Finally, the fund balance was not used to cover the reductions because state law requires LMEs to maintain a certain level of fund balance, and OPC's does not currently exceed the statutory minimum. So there was no fund balance available to offset cuts.

Taking all of the above into consideration, Michael said he would now review how OPC decided to manage the budget cuts.

#### **Reductions in DD Funding:**

The total reduction in DD funds is \$1,039,522.00. In addition to the cuts to the DD residential providers that were already discussed, OPC will require an additional 20.5% reduction in adult DD provider contracts. These cuts affect providers offering ADVP, Supported Employment, Respite and Personal Assistance. Developmental Therapy funds will be reduced by 21%, and Long Term Vocational Supports will be reduced by 10%.

OPC will reduce provider contracts for child DD services by 20.5%. This will impact providers who offer Developmental Day Services, Respite and Personal Assistance

OPC has decided to reduce the rate for most MR/MI services by 5%, including residential services, community respite and day supports. There will also be a 10% cut to providers with MR/MI funds in their contracts. Obviously, these particular reductions will affect providers who serve consumers dually diagnosed with Mental Retardation and Mental Illness.

Finally, OPC will cut DD Flex Funds by 44%. Michael explained that Flex Funds are used to cover unmet needs for IPRS-funded DD consumers. We will also cut non-UCR DD funds (which do not have to be "earned" by providing a billable service) by 10.5%. Non-UCR funds may sometimes help to cover a provider's overhead costs, among other things. Diane recommended that before they cut services, providers should look at ways to reduce overhead costs, such as rent and utility bills. Allen asked whether office space existed that providers could share as a way to reduce costs. Michael said that these were good ideas, and added that he believes OPC providers are working hard to find ways to absorb these costs, and that cutting services would hopefully be a last resort. Benita shared that Person County Group Homes has worked very hard to consolidate administrative functions and find other ways to save money so that they can continue to provide services to their residents.

#### **Reductions in MH Funding:**

MH funds will have an overall reduction of \$740,788.00. As mentioned earlier, this includes a 10.3% reduction in CASP funds as was stipulated by the state. In addition, OPC will reduce spending in non-UCR funds for both adults and children. A Housing Coordinator position previously supported with adult MH funds will now be covered by LME administrative funds. And OPC will decrease Flex Funding for children and adults with MH diagnoses. The Flex Funds are most often used to help pay for things like transportation, security deposits, medication needs,

etc. Linda added that Flex Funding for children also covers things like summer camps or tutoring. Additional reductions in non-UCR funding for children will be seen in family advocacy, screenings, independent living programs and day treatment services. These are reductions, so while the services will not be eliminated, there will be fewer units of these services available. But funding will be eliminated for early intervention services and a short-term suspension program in Orange County. And OPC will eliminate public psychiatry funding, which supports some administrative functions and consultation by psychiatrists. There has not been a lot of demand for these funds, which are *not* used to pay for direct care. While developing these reductions and cuts, OPC management made every effort to maintain the Community Collaboratives' highest priorities, which are Rapid Response programs, School Based Mental Health services, and family advocacy initiatives.

Unfortunately, OPC could not limit the reductions to non-UCR funding. There have also been reductions in service dollars. Provider contracts had already been reduced by 10% before OPC received the specifics regarding our budget cuts, since we knew that cuts were coming. Most of the funds that had not been allocated will be returned to the state. It's important to keep in mind that, historically, the most under-utilized service funds have been for children's services. This is because the majority of children are eligible for Medicaid.

OPC also revised the benefit plan for persons whose services are funded through IPRS. Adult MH basic benefits were reduced from 26 to 8 individual sessions per fiscal year, and from 52 to 12 group sessions. And Child MH basic benefits were reduced from weekly individual and group therapy to no more than 26 sessions per year of each of those services.

Allen and Cheryl noted that Freedom House should be able to offset much of these cuts because they have been so successful in obtaining grant funding. Michael noted that, while it was true that they had been able to secure a lot of grant funding, those funds were already designated for use prior to this round of budget cuts. So it was not likely they would provide any cushion for Freedom House from the reductions in their state funding. However, it may be possible that they could obtain *new* grant funding that would help in this regard. CFAC members agreed that it would be a good strategy for providers to investigate and apply for grant funding. Even though most grants are time-limited, it's hoped that the economy will have improved and MH/DD/SA funding increased by the time grant funds expire.

#### **Reductions in SA Funding:**

The cuts to state SA funding will total \$470,208.00, and they come almost entirely from adult SA funds. There will be no significant changes to the Child SA basic benefit plan. The benefit plan for adults with SA has been reduced from 26 individual sessions to 6, and from 52 to 24 group sessions per fiscal year. An exception to cuts in the Adult SA benefit plan is for consumers referred by TASC (Treatment Accountability for Safer Communities). Services for this population have not been reduced.

In planning the reductions to service dollars for adults with SA, OPC management chose to reduce historically underutilized funding. For example, funding to provide facility based crisis services outside of the OPC catchment area has been eliminated. We do not anticipate that this would have a significant impact, since the same service is available within the OPC area.

Non-UCR funding for SA will be reduced by 54%. This will decrease the amount available to support the housing, transportation and medication needs of consumers with SA diagnoses. Finally, Adult Criminal Justice Offenders Funds have been reduced by 32%. These funds have also been historically underutilized.

#### **Additional CFAC feedback:**

Following the review of these cuts, Allen asked whether OPC was requiring providers to submit a plan for how they will manage the cuts they are receiving in their state funds. Michael said he did not know whether this information was being required of providers, but he felt certain that OPC

would be in regular contact with providers around these issues, so that we would know their plans for managing the cuts. Allen asked that this information be shared with CFAC and with consumers, and Michael agreed to share this request with OPC management staff.

Diane recommended that providers investigate using retired persons who are qualified to provide services and may be willing to do so on a voluntary basis. This could be another mechanism for providers to reduce their costs without cutting services.

Cheryl pointed out that all of this discussion around budget cuts could make consumers end up feeling like victims, and said it was important to look for ways for consumers to become empowered. Heather agreed, and suggested that consumers needed to mount lobbying efforts with legislators to increase MH/DD/SA funding. Cheryl suggested that this could also be an opportunity to beef up CFACs efforts by starting a Peer Support Center. She asked whether some money in CFACs budget could be made available to support Peer Support efforts. Michael reminded everyone that this year's CFAC budget includes \$1,000 for the Peer Support Center, so they could choose to use that amount without making any special requests from CFAC. Cheryl suggested that some of the money could be used to send several CFAC members to New Bern to visit their Peer Support Center, which would help to inspire people to take action locally. She asked that this be placed on the October CFAC agenda.

Edward mentioned that another round of NAMI Connection training would be starting up in a couple of months, and suggested that several CFAC members could get the training. This would help to provide some structure to some of the Peer Support meetings.

In closing, Leslie noted that it seemed clear that OPC staff made every attempt to be fair in distributing budget cuts, and to look for reductions in areas where funding had been underutilized in order to minimize the impact on consumers and families. She expressed her gratitude for these efforts, and other members present at this special meeting concurred.