



**Human Resources
Administration**
Department of
Social Services

TESTIMONY

Robert Doar, Commissioner
Human Resources Administration/Department of Social Services

2010 Preliminary Budget Hearing

*Joint Hearing of the New York City Council
General Welfare and Finance Committees*

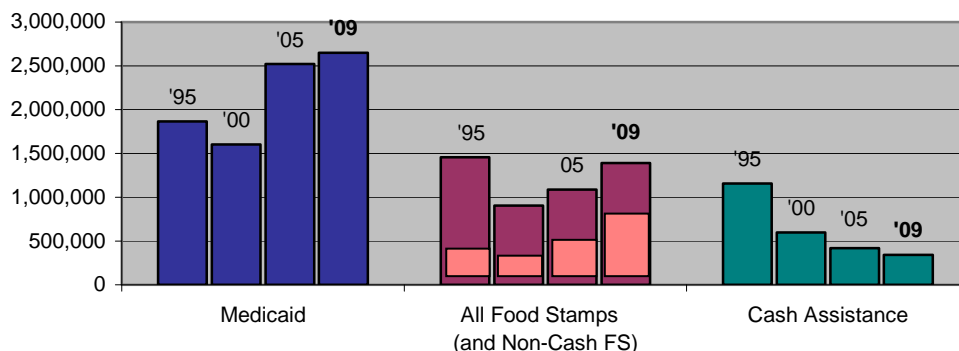
March 23, 2009

Good morning Chairman de Blasio and Chairman Weprin and members of the General Welfare and Finance Committees. Joining me this morning is Kathleen Tyler, Deputy Commissioner for HRA's Budget Office. I appreciate the opportunity to discuss HRA's budget situation and proposal for the coming year as well as our overall agency progress.

In this present economic climate, I know the committee recognizes HRA's role as the City's safety net agency and I want to assure you that responding to the needs of low-income individuals and families during difficult periods has historically been, and will continue to be, our core mission. I have great confidence in the 14,000 HRA workers who are not only meeting the present demands placed on our system but at the same time moving forward with new innovations. This past year, I held over 30 staff forums throughout the agency and have continually been impressed with the level of their commitment to the individuals and families they serve. The achievements I share with you today are, without a doubt, a result of their efforts and hard work.

Presently, we provide health insurance coverage to more than 2.6 million New Yorkers. In addition, we provide Food Stamp benefits to more than 1.36 million recipients of food assistance, an increase of almost 200,000 in a single year. Further, the portion of recipients who rely on Food Stamp benefits as a work support and do not receive cash welfare or federal Supplemental Security Income (SSI) has increased by 31 percent to almost 727,000. Finally, while we saw a slight increase last month in the number of cash assistance recipients, the number of New York City welfare recipients today is still less than a year ago and 70% less than its peak in March of 1995.

Historical Caseloads (1995-Present)



I. FOCUS ON EMPLOYMENT

During the past year, we have maintained our focus on employment, which has continued to show positive results. In 2008, we had over 80,500 job placements, increasing our total when compared with 2007's 77,568 placements. In addition, our WeCARE program, which serves clients who assert clinical barriers to engagement, saw a 9 percent increase in placements from 2007 to 2008 and, even more impressively, had a 33.6 percent increase in federal SSI disability awards. Overall, in 2008 there were four times the number of WeCARE job placements, 25 times as many federal disability awards, and eight times as many Wellness Plan completions as in 2005, when the WeCARE program began.

While committed to our present strategy, we are always looking to build upon its success. As you know, we are initiating a new subsidized jobs program at HRA that we hope will be a model for other agencies and have begun several new efforts to outreach to potential employers. We are working with employers who have high volume hiring needs to match our Cash Assistance recipients to their job openings. We are working with them to highlight potential savings through grant diversion as well as through utilizing the federal Work Opportunity Tax Credit through which employers can receive a substantial tax credit for hiring recipients of Cash Assistance and Food Stamp benefits.

	CALENDAR 2008	CALENDAR 2007	% CHANGE
JOB PLACEMENTS	80,559	77,568	+3.9
WECARE WELLNESS PLANS COMPLETED	9,870	9,203	+7.2
WECARE PLACEMENTS	3,074	2,817	+9.1
SSI AWARDS	5,642	4,223	+33.6

II. SUPPORT FOR WORKING FAMILIES

An integral component of any work program is making sure people have key supports in place that will allow them to move towards independence. Assistance in enforcing child support collections and making sure people have health insurance and Food Stamp benefits are key to supporting working people.

Child Support Enforcement

I am very pleased to announce that our Office of Child Support Enforcement increased child support collections by \$50 million in calendar year 2008, the second-highest jump in payments in state history. They collected over \$670 million of which nearly 94 percent went to families. In

fact, last month our Agency received an award from the State in recognition of this effort. As a majority of families served by the Child Support program are former welfare recipients, Child Support collections, combined with work and work supports, is a key ingredient in achieving self-sufficiency.

In addition, our Child Support and Back to Work programs have joined together to help unemployed noncustodial parents (NCP's) find work while also providing them with parenting classes to help strengthen their relationship with their children. We also have two new programs for poor noncustodial parents who owe child support arrears or have monthly order amounts that are beyond their ability to pay. The Arrears Credit Program will give them a chance to reduce their debts if they find work and pay their current child support, and the Modify DSS Order initiative will give them the opportunity to modify their order to reflect their actual income through stipulation without having to return to court.

Food Stamp Benefits

Over the past year, we have implemented a series of initiatives that have all resulted in increased access to the Food Stamp program. For example, in coordination with Speaker Quinn, we have now completed a mailing to Medicaid recipients who may be eligible for Food Stamps, resulting in approximately 40,000 families receiving a benefit. We have also completed the citywide implementation of the telephone application process for employed applicants and have made telephone recertification interviews available to all recipients. Individuals can mail or drop off any documents needed to complete their application or recertification interviews. Working in conjunction with the Robin Hood Foundation and the Metropolitan Council on Jewish Poverty, we have expanded to fourteen the number of sites where individuals can submit applications and supporting documents, which are then transmitted electronically to our office.

New administrative changes have also made it easier for working families to become eligible for the Food Stamp program. For instance, the full value of an individual's child care expenses, not just the expenses up to a cap as in the past, can be taken into account; allowing some families with high child care expenses to now become eligible for food stamps. We are also moving forward with the Department for the Aging (DFTA) on two federal pilots to reach out to seniors that will be launched late spring.

Connection to Public and Private Health Insurance Options

As the city Agency responsible for Medicaid eligibility, our staff manages an enormous volume of cases and applications while adapting to new legislative changes and regulatory requirements. In 2008, we processed more than 575,000 new applications; renewed more than 900,000 cases; processed more than 120,000 managed care enrollments, dis-enrollments, newborn eligibility actions and case corrections; and handled 1.8 million calls via our Medicaid HelpLine. In addition, the statewide renewal simplification program was implemented by staff this year. This makes annual recertification even easier for clients by eliminating documentation requirements for certain beneficiaries. Our staff also adapted to several state law changes that have expanded the amount of allowable resources, provided presumptive eligibility for children, allowed for mail-in Medicare Savings Plan applications and suspended, rather than closed, Medicaid for incarcerated persons. Going forward in 2009, we are working jointly with the City's HHS-Connect initiative and expect to offer an on-line public health insurance option for renewal.

Over the past year, we have moved forward with several initiatives to increase access to both public and lower-cost private health insurance. Working with school-based health centers and in coordination with the Department of Health and Mental Hygiene's (DOHMH) and Department of Education's Office of School Health, we are working to connect uninsured public schools students with public coverage benefits. Using the broad reach of the internet, we are publishing health insurance updates for the recently unemployed. We also are developing a new website that responds to the reality and challenges many New Yorkers face as they transition from employer-sponsored insurance to individual-based plans.

Medicaid Fraud, Abuse, Waste and Recovery

These efforts and others that expand access are encouraged as long as they are accompanied by the necessary safeguards. HRA's efforts to combat waste in the Medicaid Program focus on three areas: provider audits, client fraud detection, and recoupment from Medicaid clients. In 2008, HRA expanded its efforts to investigate Medicaid clients who concealed income and resources in order to inappropriately obtain benefits. In its first full year of operation, these efforts resulted in the recovery of more than \$7.3 million. HRA also continued to recover money from Medicaid recipients who received windfall payments through lawsuit settlements and the sale of property. In addition, our efforts to combat Medicaid prescription drug fraud saved the Program nearly \$20 million. Last year, as part of a demonstration program with the State Office

of the Medicaid Inspector General, 60 audits of Medicaid providers doing business in the City were in process, with an estimated potential recovery of \$25 million. Together, the results of our Medicaid efforts totaled more than \$80 million in recoveries and millions of dollars in savings to the Medicaid program.

In addition, our Management Information System and Medicaid areas have developed an eligibility verification and signature capture system for medical providers who dispense Metrocards to public health insurance enrollees to ensure that only those eligible for reimbursement receive it. A pilot of this system is scheduled to begin at St. Luke's/Roosevelt medical facility next month. Case management, through the Managed Addiction Treatment Services (MATS) program, which HRA administers in conjunction with the Department of Health and Mental Hygiene, has also proven effective in reducing substance abuse treatment related Medicaid expenditures for "high end" users of those services. Substance abuse related Medicaid expenditures for clients enrolled in the program on July 1, 2008 were reduced from a monthly average of \$3,794 pre-enrollment to a monthly average of \$1,299 post-enrollment, a reduction of 65 percent.

III. COMMUNITY-BASED SUPPORT FOR VULNERABLE POPULATIONS

Congregate and Scatter-site NY/NYIII Supported Housing

I would also like to update you on HRA's role in the NY/NY III Agreement, which is the third in a series of City and State collaborations to develop supportive housing for vulnerable populations. We are responsible for determining the eligibility of all applicants for NY/NYIII housing and tracking the placement of clients. Through January 2009, 1,203 clients were living in NYNY III housing. Our HIV/AIDS Service Administration (HASA) is also tasked with the procurement of contracts for services in 1,000 units being developed for chronically homeless clients living with HIV/AIDS (600 congregate and 400 scattered-site). Award selections were made for scattered-site and congregate housing and contracts are in development. We expect that both types of units will start to become available in April as contracts are registered. However, we recently learned that the State is delaying funding for 13 scattered site units so our contracting plan will be reduced until the State funding is secured. The State is also delaying the funding for 83 congregate units that will affect the timing of some of our contract awards.

Adult Protective Services (APS)

Our APS program has focused significant time on environmental issues this year. Eight community associates were hired to monitor heavy duty cleanings in order to free up caseworkers to attend to other responsibilities. And, following input from the APS Advisory Council, we are working with the Brookdale Center on Aging and Longevity to develop a curriculum on how to best address hoarding situations to minimize the distress for the APS clients. APS has also convened a meeting with DOHMH and DFTA, along with our HASA and Home Care Services programs to address the growing problem of bedbugs. APS staff have been given basic information on how to recognize and respond to bedbug infestations. However, the exterminating process for many of our clients is especially challenging. I know the Council has taken on leadership on this issue and we would very much like to be a part of your efforts in this area.

Home Care Services Program

Our Home Care Services Program is responsible for Medicaid-funded non-institutional long-term care programs in the City which include the Personal Care Services, Long Term Home Health Care, Assisted Living, Care at Home, and Managed Long Term Care programs. In general, this is a very difficult to serve population, the majority of whom are poor and frail elderly and our services often mean the difference between remaining in the community and institutional care. It is also important to point out that, unlike the rest of the State, we are working with a much older population that naturally has much greater needs. For example, within our Personal Care program caseload of over 45,000, 40 percent is over 80 years of age. National experts recognize the greater demands this group places on the system and they point out that there is a dramatic increase in the limitations for activities of daily living of 15-20 percent by the time a person reaches the age of 85, compared to those individuals even just a few years younger.

IV. THE BUDGET OUTLOOK

Federal and State Budgets

The City's and hence HRA's budget situation is naturally impacted by both federal and state decisions. At the federal level, the economic stimulus bill will bring more than \$4 billion in resources to the City. Of that, increased Food Stamp benefits will, I believe, be the first real

money to flow into the city. Starting next week, all Food Stamp households will see a 13 percent increase in their benefit. This will result in a monthly increase of \$52 for a typical family of three. The total value of this change amounts to \$25 million a month to City residents. The State is also set to receive additional Food Stamp administrative dollars which we are encouraging them to pass along to assist HRA in meeting our staffing demands. At the state level, we are working hard to remove a provision in the present budget proposal that would eliminate the Local Administrative Fund and the State's fiscal contribution to the administration of the Food Stamp and Safety Net programs. This change will cost the City approximately \$40 million.

The City 2010 Proposed Budget

Once a clearer picture is developed of the impact of these federal and state changes, there is the potential for a revision to our budget projection and targets. However, in December we were given a budget reduction target and asked to identify reductions in addition to the \$105.2 million identified for FY2009-FY2012 and discussed in November. For this FY 2010 budget, we have identified \$45.2 million in savings, of which approximately \$16.6 million (37 percent) is additional revenue for the City. There were several hard decisions that had to be made in order to meet our goal but as I mentioned in November, maintaining our ability to provide services to our clients is always paramount.

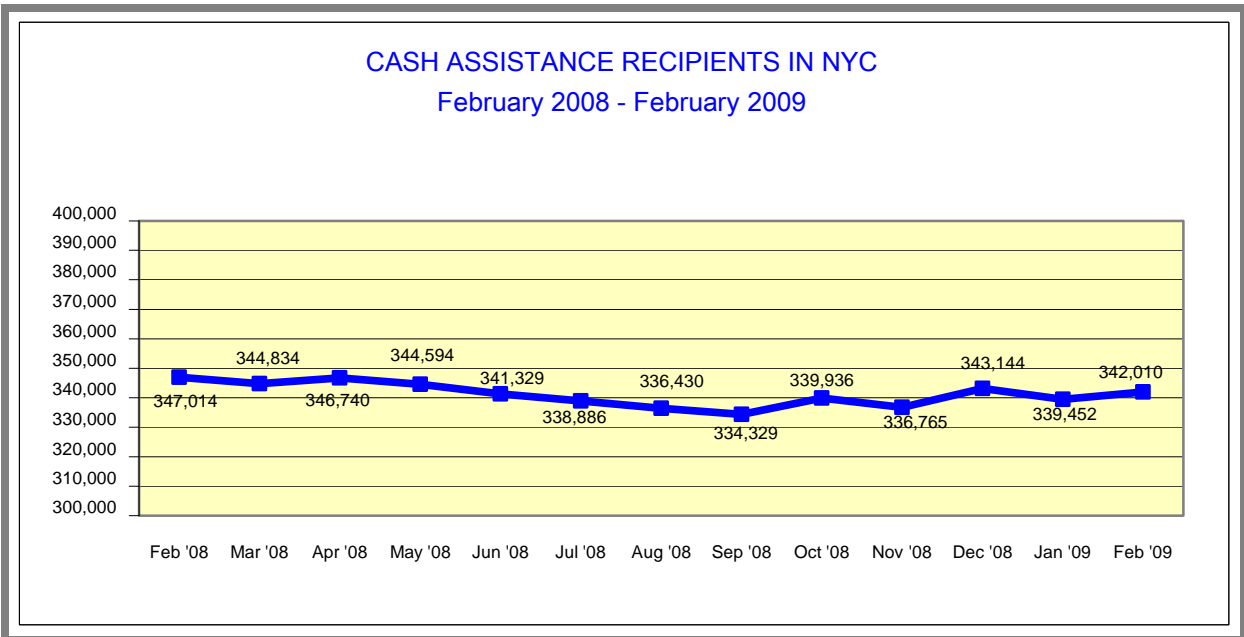
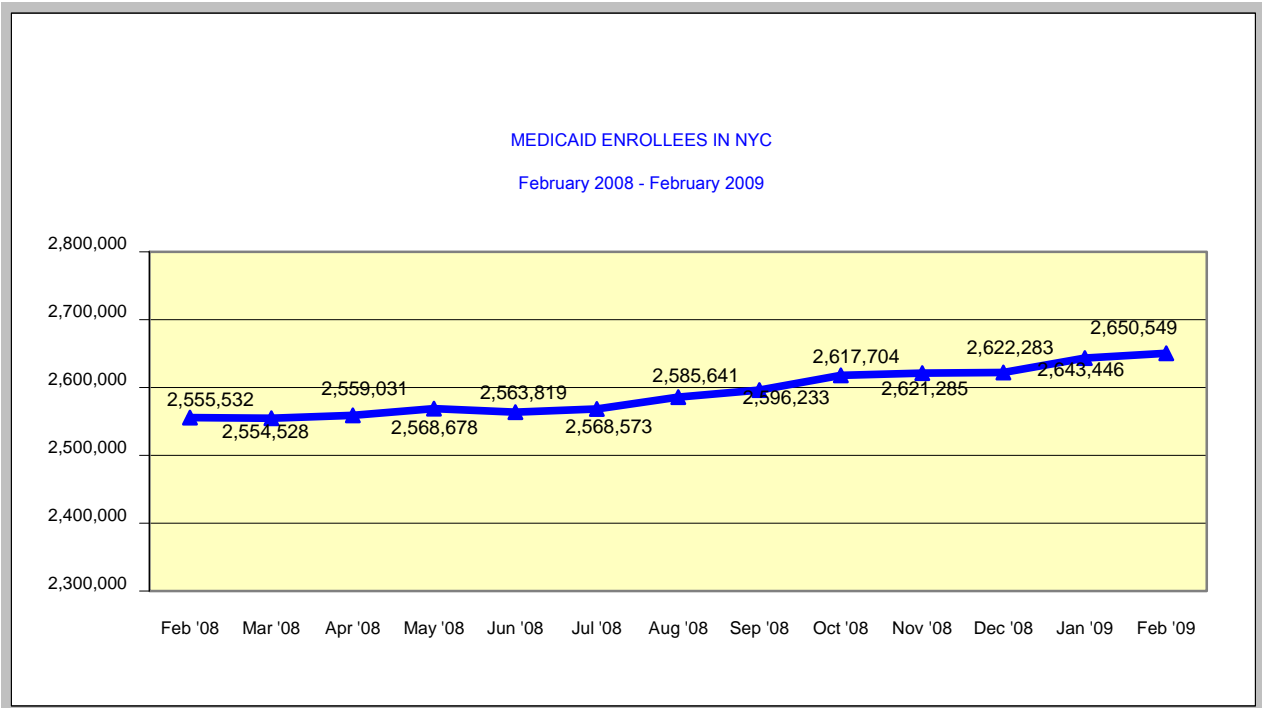
As with previous budget exercises, I will need to cut budgeted headcount while protecting our onboard staff. This includes a reduction of 379 staff positions which will be achieved through consolidation and reduction of vacancies. We will also significantly reduce overtime, focusing primarily on program areas that provide support services as opposed to the areas that provide direct client services.

Before closing, I would like to review several proposals related to our HASA program. First, due to the redundancy of services provided by HASA case managers and contracted case managers we have decided that we needed to decrease the level of staffing within our supportive housing case management contracts. However, the HASA and contracted case managers, specifically in the Scatter-site I and permanent congregate models, will continue to work in conjunction to maintain the on-going provision of services and benefits to our shared clients. We will also be reducing a contract held by one of our food preparation vendors by 50 percent as the organization has contracts with other city agencies for similar food preparation

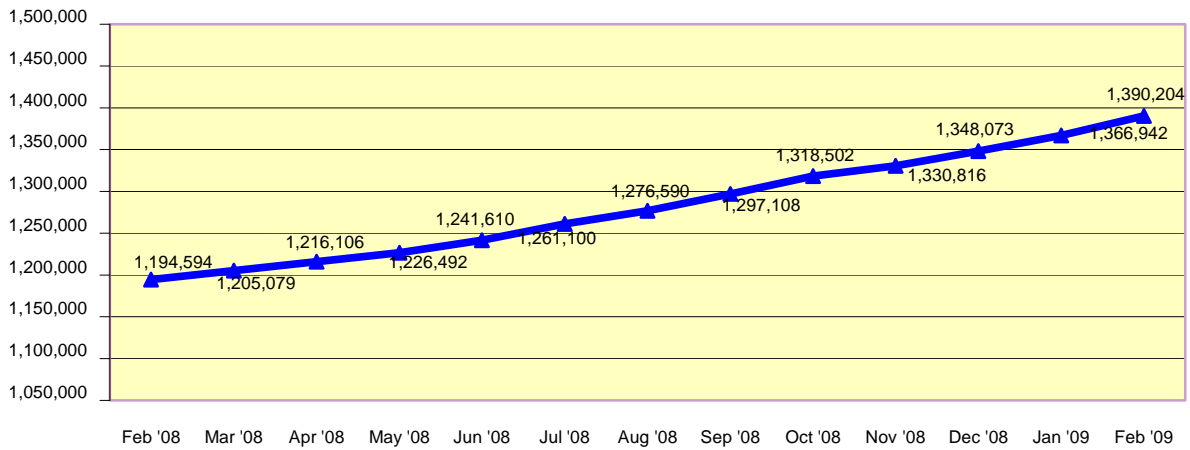
and distribution services. Finally, we have recognized a one time savings from a delay in the opening of 224 HASA NY/NYIII congregate housing units. This is due to construction and/or rehabilitation delays by contractors as well as other construction related delays.

I am sure you have questions on both our programs and the budget so I would just like to thank you again for allowing me to review my Agency's accomplishments over the past year.

CASELOAD CHARTS:



FOOD STAMP RECIPIENTS IN NYC*
February 2008 - February 2009



2008 Food Stamp Initiatives and Outreach

