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**TESTIMONY OF  
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**REPRESENTING THE  
NATIONAL ASSOCIATION OF STATE MENTAL HEALTH PROGRAM  
DIRECTORS**

**PRESENTING BEFORE A MAY 12, 2010 HOUSE LABOR/HEALTH AND  
HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE HEARING ON  
SAMSHA'S COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

Mr. Chairman, and members of the subcommittee, on behalf of the New Jersey Division of Mental Health Services, I want to thank you for the opportunity to appear before you this morning. This testimony reflects the views of the National Association of State Mental Health Program Directors, which represents public mental health authorities in the fifty states as well as the District of Columbia and the territories.

Permit me to briefly summarize the situation we confront: the larger state fiscal crisis is having a severe impact on public mental health systems across the United States and is certainly being felt in New Jersey. According to February 2010 data collected by the NASMHPD Research Institute – between FY 2009 and FY 2011 – states have been forced to cut mental health agency budgets by a combined total of \$1.82 billion. That estimate reflects reporting from 45 states. If you include Illinois and California, the combined cut surely tops \$2 billion. Mr. Chairman, to put this in historical context, that number probably represents the largest total funding reduction to public sector mental health services in 40 or 50 years.

The effect of these shortfalls on America's mental health safety net as well as the consumers it serves can only be described as devastating. Some states have been forced to make cuts equaling 20% of their total mental health spending. In the worst hit states, reductions approaching 40% are being contemplated or have already been implemented.

As an illustration, in Ohio, the combined state mental health cut over the last three fiscal years totaled over \$191 million. The total percentage reduction equals 36.2% across the board. It is important to note that these cuts are not reductions from projected future baseline spending. Rather, at the state level, these are year-over-year...dollar-for-dollar reductions.

To date, the programs hardest hit are indigent care initiatives providing mental health services to low income people and uninsured adults – many of whom recently lost health insurance coverage in the recession. Let me take a moment to give you some specific examples of what these cuts mean on the ground in terms of impact on actual services:

- In Illinois, Gov. Quinn is being forced to contemplate a \$90 million funding cut to Illinois Division of Mental Health community services contracts. Once Medicaid reimbursement reductions are included, the proposed state cut would result in a 40% reduction in community-based mental health services statewide. It's estimated that more than 70,000 low income persons – including over 4,200 children – will lose access to mental health care.
- In Kansas, nine of the states' 27 Community Mental Health Centers are in the red and may close. Most serve rural health professional shortage areas. Furthermore, it is astonishing to note that Kansas is actively contemplating a complete freeze on all new admissions to the state's public psychiatric hospitals for up to a full year.

- In Mississippi, Gov. Barbour has proposed closing six crisis centers and two inpatient psychiatric hospitals. As many as 2,200 persons with serious mental illnesses will lose access to services and 627 state employees will be laid off.

In New Jersey, consistent with the US Supreme Court's Olmstead decision and with Gov. Christie's support, we are reducing the number of state psychiatric hospitals and serving more people with severe mental illnesses in the community closer to family and friends. Our Division will close Hagedorn Psychiatric Hospital, which is a 275 bed inpatient hospital in Hunterdon County by June, 2011 producing a projected savings of \$9 million in FY 2011. At the same time, the budget crisis has forced us to reduce community contracts and my division was required to make targeted cuts to partial care, case management and jail diversion programs. This situation greatly complicates our ability to close Hagedorn. Moreover, in all candor, what keeps me up at night is that – in terms of the DMHS budget -- FY 2012 does not look much better than FY 2011.

Let me end my testimony by making two larger points. First, state mental health agencies nationwide are caught in a policy vice. We are losing state and county revenues while, at the same time, the recession is producing a huge spike in the number of people coming to us for mental health care. According to NASMHPD Research Institute data, 20 states are reporting increased demand for both outpatient clinic services as well as acute care hospital services. In Rhode Island, for instance, Community Mental Health Centers served over 21,800 people with mental illnesses last year – one of the highest totals in state history.

Second, although federal Medicaid FMAP increases approved in ARRA have helped to avert even deeper cuts, they have not shielded the public mental health system from the worst funding reductions in four or five decades. In addition, the new health care reform law will not begin providing health insurance to many indigent persons for several years and many of the intensive rehabilitative services these individuals require will not be covered by the new insurance exchanges or Medicaid.

In March 2010, Rep. Paul Tonko and Rep. Grace Napolitano – along with 35 other members of Congress – wrote to this subcommittee requesting a \$100 million increase for SAMHSA's Community Mental Health Services Block Grant resulting in a total funding level of \$521 million for the program. Both NASMHPD and the New Jersey Division of Mental Health Services strongly endorse this request.

Yes, I acknowledge that the Tonko/Napolitano request is without recent precedent, but the scale of the fiscal crisis we confront is also unprecedented. The hard fact is that the Mental Health Block Grant is the only program available to help public mental health authorities recover state and county service dollars lost during the current fiscal crisis.

Again, thank you for the opportunity to testify. I am happy to answer any questions you may have.