

UCP's growth raises questions about state reform

By ANEMONA HARTOCOLLIS

How is the substitute for "Willowbrook" doing?

Who is caring for the mentally retarded patients, spending the big sums and minding the store?

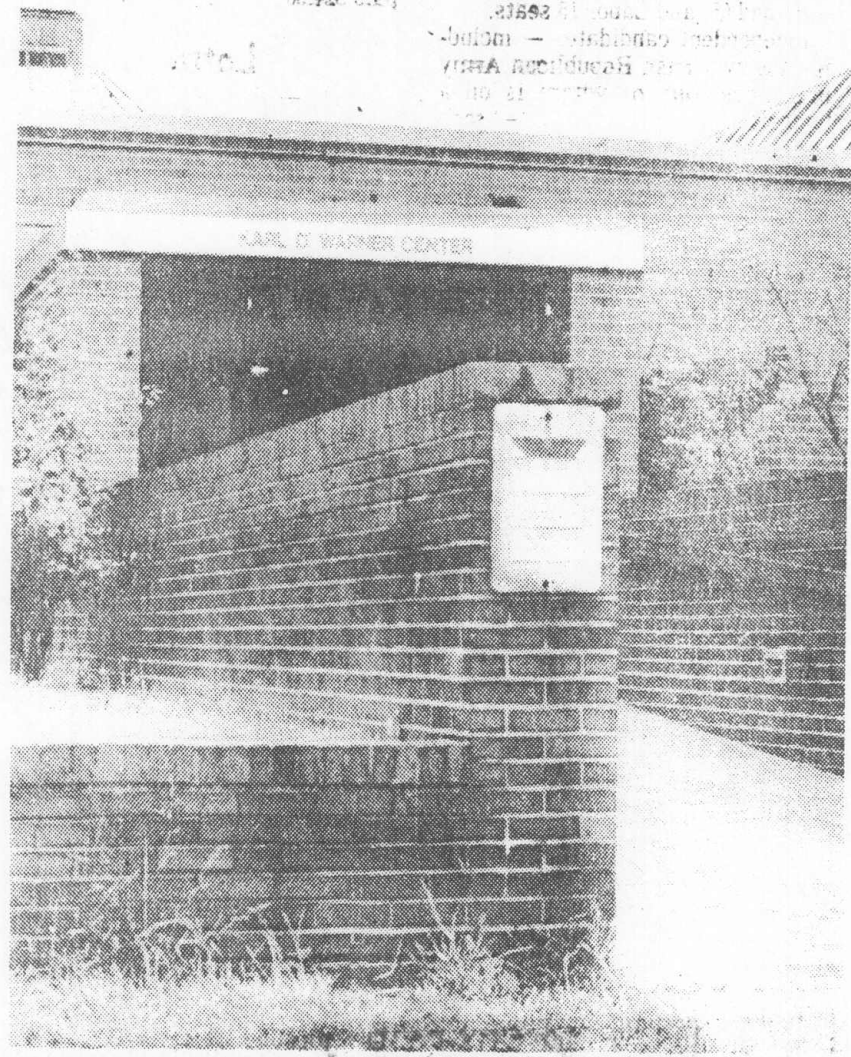
In its effort to improve state-run facilities like Willowbrook, New York State has created a private bureaucracy whose performance and fiscal management is in dispute.

Six years ago the state, facing a federal court order, began turning over much of the care of the men-

tally retarded population to about 270 private agencies. The state once ran its own institutions, but the agencies now feed, clothe, house and educate thousands of retarded people, spending tens of millions of dollars in government funds.

In 1977, a small charitable organization, United Cerebral Palsy Associations of New York State, was recruited to take charge of 627 residents in seven buildings at the Staten Island Developmental Center

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The Karl D. Warner Center was formerly part of the Willowbrook State School. It now houses 450 patients cared for by UCP.

UCP: One bloated bureaucracy born from another's reform

in Willowbrook. The organization has become the biggest private operator of housing for the retarded in New York City, and the second-largest in the state.

Although many observers — including James E. Introne, the state's commissioner of mental retardation — agree United Cerebral Palsy has done a better job than the state, the agency's rapid and ambitious growth has proved hard to monitor and has led to charges of fiscal mismanagement and abuses of patient rights.

During a two-month investigation of United Cerebral Palsy, the Advance interviewed scores of employees and reviewed sheaves of internal documents. Questionable practices surfaced including purchases from the agency's board of directors, misuse of patient funds and violations of regulations governing medical treatment and the reporting of a patient's death.

Robert Schonhorn, the executive director of United Cerebral Palsy, denied any deliberate wrongdoing. He said he was "bothered" by apparent irregularities in the use of patient funds, but he defended dealings with the board of directors and called state medical regulations impractical.

Private agencies like United Cerebral Palsy rose to power in 1975 when Gov. Carey signed the Willowbrook Consent Decree in Brooklyn Federal Court, vowing to clean up the Willowbrook State School, now named the Staten Island Developmental Center.

Once denounced as a "snakepit" by the late Sen. Robert F. Kennedy, "Willowbrook" housed more than 5,000 mentally retarded people in the early 1970s. Parents and the New York Civil Liberties Union sought reform of the squalor and overcrowding by suing the state.

The consent decree settled the lawsuit, and the state asked private agencies to help scale down all its large, impersonal institutions and place the mentally retarded in community-based apartments.

United Cerebral Palsy became the state's closest ally in reforming Willowbrook, but critics say the agency assumed too much responsibility too fast, generating its own bloated bureaucracy with minimal accountability to state officials, parents of the mentally retarded and outsiders.

United Cerebral Palsy was founded 35 years ago by a coalition of parents with brain-damaged children. For nearly three decades, it depended on thousands of dollars in private donations. The agency still is, for example, a favorite charity of the Elks lodges, a fraternal society, whose money subsidizes station wagons used by traveling therapists.

But as a result of the Willowbrook Consent Decree, United Cerebral Palsy started operating residential facilities. Infusions of taxpayer dollars have allowed it to manage three institutions and 107 apartments for a total of 986 mentally retarded people throughout the state.

The agency spent a \$31-million budget in 1979, according to the latest data filed with the Department of State. Private donations amounted to less than 2 percent of the total. Medicaid supplied 86 percent, and other government grants made up the rest.

Schonhorn, as the agency's top officer, will collect a \$65,000 salary this year. The state's commissioner of mental retardation earns \$400 less, while overseeing a \$773-million budget, serving a mentally retarded population of nearly 40,000.

Despite growth into a major government contractor, Schonhorn contends the agency has preserved its original identity as "an advocate, somebody who makes known to people what their rights are, who protects and assists them."

United Cerebral Palsy's first residential facility was the Nina Eaton Center in Ocean Breeze, a 50-bed unit opened in 1975 to accommodate severely and profoundly retarded people transferred out of the Staten Island Developmental Center.

When the agency took over a fragment of the 264-acre Willowbrook institution in 1977, it renamed those buildings the Karl D. Warner Center, which currently houses 450 people.

Just last year, the agency became the administrator of Castle Hill, a 60-bed facility in the Bronx. United Cerebral Palsy has set up 3- and 10-bed apartments in the five boroughs housing 327 people, and apartments elsewhere in the state for 99 more.

United Cerebral Palsy and the Association for Retarded Children provide the bulk of privately operated housing for the retarded in New York State, dwarfing the other agencies.

Although the agency's administrative headquarters are located on Manhattan's east side, its physical plant is concentrated on Staten Island. Since its involvement in residential care, the agency has branched into a variety of supporting ventures.

From Staten Island, it operates and disperses the services of its own clothing store, an 86-vehicle transportation department, and a 16-man building repair and maintenance crew. In January, the agency leased a warehouse in Newark, N.J.

Walter Rosenthal, the agency's public relations director, insisted United Cerebral Palsy had not actively pursued size, wealth and responsibility. He said the state's need for the agency — heightened by federal court pressure — was the determining factor.

"The state has the option, so to speak, to take their business elsewhere," Rosenthal said. "Remember the F15X bus? Grumman and General Motors were the only ones invited to bid on it, because

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Mental Health Commissioner James Introne contends the monitoring of UCP's programs is "rigorous," despite the group's political connections.

they were the only ones who could build the right bus for New York City."

Chris Hansen, a lawyer for the New York Civil Liberties Union, notes that "the power relationships change" when the state grows dependent on a voluntary agency.

Recognizing it thrives on government's good will, United Cerebral Palsy invites state lawmakers to an annual breakfast in Albany and regularly sends them opinions on pending legislation.

According to Introne, "the monitoring of a place like United Cerebral Palsy is a hell of a lot more rigorous than your local nursing home," despite the agency's important role in carrying out court-ordered programs or its cultivation of politicians.

But the state Office for Mental Retardation and Developmental Disabilities has a staff of just 20 auditors to police more than 270 agencies, according to Kevin Travis, deputy commissioner of quality assurance.

"While private industry pays a lot of attention to quality control, government is just beginning to get the message, especially the human services part of government," Travis said.

Federal regulations require an audit of Medicaid-funded facilities every third year.

Last winter, state Comptroller Edward V. Regan finished the first financial audit of the Karl D. Warner Center, which billed the state and federal Medicaid program \$25 million in 1979.

Regan's investigators found United Cerebral Palsy had kept \$10.5 million in excess Medicaid reimbursements over three years. As a result of the audit, the agency returned \$6.9 million, but it denied the

other \$3.6 million constituted an overpayment for its services.

Advocates of the retarded, meanwhile, hesitate to openly criticize United Cerebral Palsy, fearing the public will misunderstand and tear down painfully won progress.

"Why purchases? That seems like such a nitpicky type of thing to look at," Nina Eaton, a founder and member of the agency's board of directors, said. "People that spent 18 years in Willowbrook are living in apartments with very little supervision. We are giving them so much more dignity."

The Advance looked at United Cerebral Palsy's network of services and found questionable financial and clinical practices that will be detailed in this series of articles. These practices included:

□ A Medicaid-funded subcontract for security guards awarded to the vice-president for finance of the agency's board of directors.

□ The use of mentally retarded residents' personal funds to purchase merchandise from the agency's clothing store at prices higher than retail.

□ The death of a 23-year-old mentally retarded woman during medical treatment performed without proper consent, which the agency failed to report as required by state regulations.

A 49-year-old former school psychologist, Schonhorn has headed United Cerebral Palsy for 11 years. He drives a car bought by the agency, a 1981 Buick that boasts the license plate UCP-1.

Schonhorn conceded that some inefficiency plagues the agency, which has 2,300 employees to supervise in diverse and geographically scattered enterprises. "Yes, we're spread thin," he said in a recent interview. "Now the ambition is to provide sophistication, consolidation and more structure."

But he defended the agency's internally controlled services as a custom-made, flexible approach that commercial transportation, clothing and maintenance concerns or outside security firms were not prepared to offer.

"We needed a difficult formula, a formula based on the needs of individuals," he said. "It certainly isn't profit-making. I'm not building a Macy's or a Saks. I certainly would never go into competition with the MTA or Doménico."

But agency employees argue the centralized services have restricted rather than satisfied the individual needs of the mentally retarded residents.

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Counselors in the apartments say the mass delivery of services contradicts the spirit of "normalization" espoused by the Willowbrook Consent Decree.

They complain that people who are capable of traveling and shopping for groceries or clothes on their own are instead forced to use vans and the clothing store operated by United Cerebral Palsy, and to eat frozen meals delivered by one of the agency's subcontractors.

Schönhorn acknowledged financial transactions involving associates of United Cerebral Palsy, but he said "the rule is only if you save money," adding that competitive bids were solicited before any purchase.

Air conditioners cooling dormito-

ries and offices at the Warner Center, for example, were bought through the chief of the agency's internal audit team, Eulalie Manhertz. Mrs. Manhertz's husband, Hubert, owns an outlet for electrical appliances in Brooklyn, J&R Radio and Television Service.

The agency's 9,000 square-foot warehouse in Newark is rented from Maxwell Ehrlich, a wholesale furniture broker who donated desks, chairs and cabinets for the agency's headquarters. Located at 19 Rose Terr., the warehouse stocks medical instruments, toiletries, secretarial and art materials.

Schönhorn's business associates uniformly declined comment, but therapists, low-level administrators and clerks in the agency with access to memorandums and financial records agreed to anonymous interviews. During the Advance investigation, several nervous employees related the following turn of events.

In the second month of the Advance inquiry, the agency's comptroller, Joseph Tyrian, confiscated all copies of the Karl D. Warner Center's computerized financial ledgers from lower-level administrators to whom they were habitually distributed.

During the same period, Keith Penman, acting director of the Warner Center, threatened at a staff meeting to dismiss any employee caught "leaking" information to reporters. His warning echoed a memo dated Aug. 3, 1979,

obtained by the Advance, which was signed by Schönhorn and promised "disciplinary procedures" against staff members who spoke to reporters.

Members of the Willowbrook Benevolent Society, an association of parents of the mentally retarded on Staten Island, said their contact with agency administrators is severely limited.

"They look upon the parents as a hindrance to what they're trying to do," said Anthony Pinto, a society trustee.

Another member, who asked not to be identified, said parents were refused data on the agency's expenditure of patient funds for clothing. Recent requests for meetings with agency administrators, including Schönhorn and Penman, have been rebuffed, he said, forcing the parents to communicate by letter.

In addition to the audit by Deloitte, Haskins & Sells, two probes of United Cerebral Palsy are under way. The office of the state comptroller is preparing a report on the agency's vendors and purchasing practices, sources in the state government said. And the Governor's Commission on Quality of Care is investigating the case of Dotinel White, the 23-year-old woman who died during medical treatment, according to Paul F. Stavis, commission counsel.

(First article in a six-part series.)

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