

UCP — shortchanged or mismanaged?

By ANEMONA HARTOCOLLIS
United Cerebral Palsy Associations of New York State, one of Staten Island's largest employers, is in danger of going bankrupt, officials of the private charitable agency say.

United Cerebral Palsy, which serves 700 mentally retarded people under a contract with New York State, says the state is not providing enough money to pay the bills. It has threatened to close operations on June 15, laying off 2,000 employees, and to

return its patients to state-run facilities.

But state officials say the agency has been strangled by its own fiscal mismanagement. They say United Cerebral Palsy wants to be bailed out after years of lax spending with Medicaid funds.

"They've overspent," said Midge McGraw, a spokeswoman for state mental retardation Commissioner Zygmund Slezak. "It's a fiscal nightmare, to be honest with you."

For five years, the agency rou-

tinely overspent its budget and the state made up the difference after the fact, officials said. But this year, the administration refused to go along.

Miss McGraw said the state determined last July that United Cerebral Palsy had exceeded its Medicaid budget by \$9.65 million. The agency has not been able to explain what happened to the money, and the state has hired an independent auditor, Fox Corp., to find out, she said.

United Cerebral Palsy's prob-

lems have rekindled the dispute over the state's efforts to improve scandal-ridden care for the mentally retarded by hiring private agencies.

Robert Schonhorn, executive director of the agency, says his facilities are more expensive because they are superior to the state's.

But Miss McGraw says court-ordered reforms have put an end to the days when patients were "warehoused" in massive state-run institutions. She said the

state is well prepared to take over Schonhorn's programs.

Schonhorn said his agency is \$5.5 million in debt. For nearly five months, the agency has used credit to procure food, gasoline, housekeeping and pharmaceutical supplies, he said. His top administrators, he added, have agreed to defer their paychecks.

Unless the state agrees to raise his Medicaid rate, Schonhorn said that he will declare bankruptcy and sue the Cuomo administration to clear his debts. "I'll have

to litigate," he said.

Henrik Dullea, director of state operations, said the agency is already reimbursed at a higher rate than comparable private and state-run facilities. He said the state could not justify any more money.

"We're not saying they did anything wrong," Dullea said. But he added that the state was "under no obligation" to cover the agency's debts. "We do not reimburse