Out of that total, he said, there was a 14 percent increase in the number of patients admitted who had been in outpatient programs.

Austerity moves closed satellite centers and chopped 27, or 5 percent. of the South Beach staff, according to state officials. Of that figure, 12 percent was attributable to outpatient service reductions, it was noted.

Jerry Harawitz, political action coordinator for the Public Employees Federation local that includes OMH workers in Brooklyn, Queens and Staten Island, said:

"The premise is wrong — you cannot do more with less in providing services for the mentally ill and mentally retarded. We are very concerned that if this level of reduction continues, no real treatment will be possible in any state facility."

Called as the first to testify before the committee, Dr. Steven Katz, the new OMH commissioner, was questioned about a possibly misleading practice reported to committee members.

"Teams" of state workers were sent into mental health centers prior to their inspection for accreditation by federal officials. Accreditation is required for Medicaid reimbursement from the federal government, explained Jim Clyne, an aide to the Assembly committee.

According to some reports, Clyne said, there was not only "sprucing up" done prior to the inspection but units were shifted around and staffs beefed up to show a different level of care than usual. After the inspection period, the employees would be shifted back to other facilities from which they were borrowed, he said.

OMH spokesman Robert Spoor, who was present at the hearing, told the Advance he had "no knowledge" that such major shifts took place.