

Reaping Millions in Non-profit Care for Disabled

Nathaniel Brooks for The New York Times, August 2, 2011

The day facility run by the Young Adult Institute in Tarrytown, N.Y. The network collected more than \$1 billion from Medicaid over the past decade.

[Medicaid](#) money created quite a nice life for the Levy brothers from Flatbush, Brooklyn. The brothers, Philip and Joel, earned close to \$1 million a year each as the two top executives running a Medicaid-financed non-profit organization serving the developmentally disabled.

They each had luxury cars paid for with public money. And when their children went to college, they could pass on the tuition bills to their non-profit group.

Philip H. Levy went as far as charging the organization \$50,400 for his daughter's living expenses one year when she attended graduate school at New York University. That money paid not for a dorm room, but rather it helped her buy a co-op apartment in Greenwich Village.

The rise of the Levy brothers, from scruffy bearded social workers in the 1970s to millionaires with homes in the Hamptons, Sutton Place and Palm Beach Gardens, reveals much about New York's system for caring for the developmentally disabled — those with conditions like [cerebral palsy](#), [Down syndrome](#) and [autism](#).

The state spends, by far, more than any other caring for this population: \$10 billion this year, and roughly 20 cents of every dollar spent nationally.

More than half of that money goes to private providers like the Levys, with little oversight of their spending.

And the providers have become so big and powerful that they shape much about how the system operates, from what kinds of care are emphasized to how much they will be paid for it.

“They're bigger than government in some ways,” said Thomas A. Maul, former commissioner of the state's Office of Mental Retardation and Developmental Disabilities. “That isn't what our system was supposed to be.”

The organization run by the Levys, the [Young Adult Institute Network](#), has been among the most aggressive, and is now the largest operator of group homes for the state, collecting more than \$1 billion from Medicaid over the past decade and running homes with a total of 700 beds, along with day programs, a school, [dental care](#) and transportation for the developmentally disabled.

The organization and the Levys have earned many admirers in the field for the quality and range of their programs. They are known for recruiting and keeping good employees, many of whom spend decades with the organization.

But their spending is seldom scrutinized, and, even when state officials turn up questionable expenses, there are few consequences.

The state, of course, has a financial interest in maintaining and expanding the programs, which bring more federal money and more jobs, especially to areas upstate, where many of the nonprofit organizations are major employers.

At the end of June, two days after The New York Times asked about the spending for his daughter's apartment, Philip Levy, 60, abruptly retired as chief executive. Joel M. Levy, 67, also departed in June, after serving as a \$250,000-a-year part-time consultant following his departure from the chief executive's position in 2009.

A spokesman said the changes were unrelated to the inquiry by The Times.

Filling a Vacuum

Philip and Joel Levy were running Saturday night bingo games to support a tiny program for 15 developmentally disabled people in the early 1970s when their whole world changed.

In 1972, Geraldo Rivera, then a young reporter at WABC-TV, [found his way inside the Willowbrook State School](#) on Staten Island, a state-run institution that housed some 5,000 developmentally disabled residents in deplorable conditions. His footage showed naked children huddled on floors, faeces smeared on walls, and an attendant oddly grinning through the darkness.

Public outrage exploded. A lawsuit brought by a parents group, the New York State Association for Retarded Children, resulted in a court order that forced the state to quickly move thousands of people into smaller community homes.

The state released a wave of public money and turned to non-profit providers, which opened more than 100 group homes from 1976 through 1979. The Young Adult Institute, founded by a psychologist and his wife in 1957, emerged as a leader, opening and operating a dozen group homes.

The Levy brothers were determined to be a part of the revolution in care, and ascended at the Young Adult Institute, eventually taking over the top jobs in 1979: Joel as executive director and Philip as associate executive director. Their ambition to expand sometimes conflicted with the views of the network's board of directors, made up mostly of parents of children with developmental disabilities, who felt that the organization should remain small and focused on their children.

Over the years, the parents were replaced by professionals from other fields who supported growth.

Developmental Disabilities Inc.

Interactive Feature

Case Study: The Young Adult Institute

Graphic: An Outsize Share