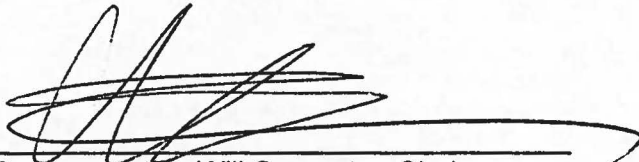


FY 2015, FY 2016, and FY 2017

Social Services Budget Committee

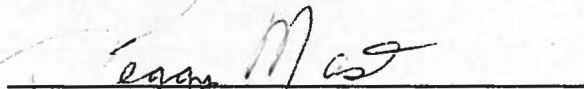
Kansas Department for Aging and Disability Services



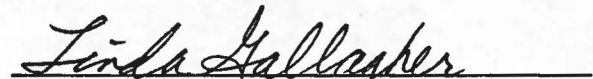
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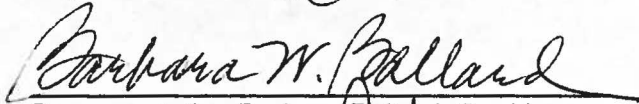
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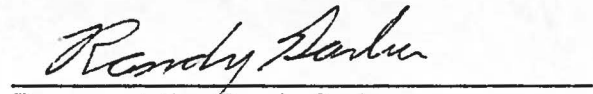
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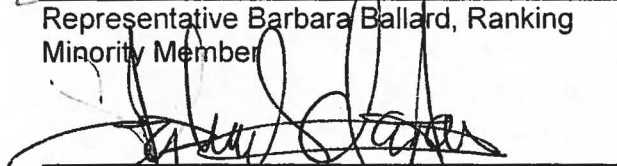
Representative Linda Gallagher



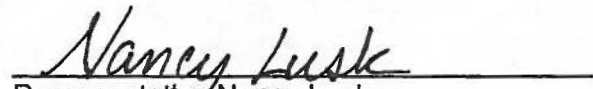
Representative Barbara Ballard, Ranking
Minority Member



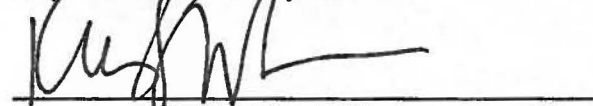
Representative Randy Garber



Representative Stephanie Clayton



Representative Nancy Lusk



Representative Kristey Williams

House Budget Committee Report

Agency: Kansas Department for Aging and Disability Services

Bill No. House Sub. for SB 4 **Bill Sec.** 40

Analyst: Deckard

Analysis Pg. No. 2519

Budget Page No. 176

Expenditure Summary	Agency Estimate FY 2015	Governor Recommendation FY 2015	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 618,190,288	\$ 632,670,211	\$ 0
Other Funds	871,513,739	901,276,928	0
Subtotal	\$ 1,489,704,027	\$ 1,533,947,139	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	10,678,611	10,678,611	0
Subtotal	\$ 10,678,611	\$ 10,678,611	\$ 0
 TOTAL	 \$ 1,500,382,638	 \$ 1,544,625,750	 \$ 0
 FTE positions	 195.0	 195.0	 0.0
Non FTE Uncl. Perm. Pos.	80.0	80.0	0.0
TOTAL	275.0	275.0	0.0

Agency Estimate

The **agency** estimates revised expenditures of \$1.5 billion, including \$618.2 million from the State General Fund, in FY 2015. The estimate is a decrease of \$5.8 million, or 0.4 percent, from all funding sources below the amount approved by the 2014 Legislature. The estimate is an increase of \$157,832, or less than 0.1 percent, from the State General Fund, above the amount approved by the 2014 Legislature. The revised estimate includes capital improvement expenditures totaling \$10.7 million, all from the State Institutions Building Fund.

The agency estimate includes the shift of savings totaling \$800,000 from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's supplemental request also includes \$1.0 million in additional federal Medicaid funds as a result of these additional State General Fund expenditures.

The agency estimate includes a reduction of \$18.2 million, including \$9.9 million from the Social Welfare Fund, which had been approved for FY 2015, which are not anticipated to be needed in FY 2015. The agency estimate also includes a shift of funding totaling \$7.9 million, including \$3.4 million from the State General Fund, from the Home and Community Based Services Waiver for Physical Disabilities to the Home and Community Based Services Waiver for Individuals with Developmental Disabilities.

The agency estimate includes a lapse of \$433,420, all from the State General Fund, of the total \$4.2 million reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015. The agency's revised estimate also includes a reduction of 22.0 FTE positions and the addition of 23.0 non-FTE positions above the approved number.

Governor's Recommendation

The **Governor** recommends FY 2015 expenditures totaling \$1.5 billion, including \$632.7 million from the State General Fund. The recommendation is an increase of \$44.2 million, or 3.0 percent, including \$14.5 million, or 2.3 percent, from the State General Fund, above the agency's revised estimate. The recommendation includes \$10.7 million, all from special revenue funds, for capital improvement projects, the same as the agency's revised estimate.

The Governor's recommendation includes the addition of \$45.0 million, including \$15.1 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate.

Also included in the Governor's recommendation is a reduction of \$599,235, as the result of the Governor's December 9th State General Fund allotment. In addition, the Governor's allotment plan included the transfer of \$3.0 million from the DADS Social Welfare Fund and \$1.2 million from the Problem Gambling and Addictions Grant Fund.

The Governor's recommendation includes a reduction of \$52,017, all from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional \$113,059 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of \$165,076.

House Sub. for Senate Bill 4

House Sub. for SB 4 adopted the Governor's recommendation for FY 2015.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following notations:

1. The Budget Committee notes the proceeds of the sale of Rainbow Mental Health Facility totaled \$1.9 million and were received by the agency earlier this year. The Budget Committee requests that the agency report on the expenditures from the proceed prior to Omnibus and to the Social Services Budget Committee during the 2016 Session.

The Budget Committee acknowledges the services being provided as a result of the Governor's Mental Health Task Force, including funding for one-time moneys targeted to Community Mental Health Centers as seed money for innovative programs; the Community Engagement Project which is planned to assist nine high risk counties; and Community grants to keep individuals in the community. The Budget Committee notes its intention to revisit these projects at Omnibus.

House Budget Committee Report

Agency: Kansas Department for Aging and Disability Services **Bill No. --** **Bill Sec. --**

Analyst: Deckard

Analysis Pg. No. 2519

Budget Page No. 176

<u>Expenditure Summary</u>	<u>Agency Request FY 2016</u>	<u>Governor Recommendation FY 2016</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 626,660,658	\$ 664,609,154	\$ 0
Other Funds	843,122,793	901,211,759	0
Subtotal	\$ 1,469,783,451	\$ 1,565,820,913	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	7,530,000	7,530,000	0
Subtotal	\$ 7,530,000	\$ 7,530,000	\$ 0
 TOTAL	 \$ 1,477,313,451	 \$ 1,573,350,913	 \$ 0
 FTE positions	 195.0	 195.0	 0.0
Non FTE Uncl. Perm. Pos.	80.0	80.0	0.0
TOTAL	275.0	275.0	0.0

Agency Request

The **agency** requests expenditures of \$1.5 billion, including \$626.7 million from the State General Fund, for FY 2016. The request is a decrease of \$19.9 million, or 1.3 percent, from all funding sources below the FY 2015 revised estimate. The request is an increase of \$8.5 million, or 1.4 percent, from the State General Fund above the FY 2015 revised estimate. The request includes capital improvement expenditures totaling \$7.5 million, all from the State Institutions Building Fund.

The agency request includes the shift of savings totaling \$1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's enhancement request also includes an \$1.9 million in additional federal Medicaid funds as a result of the additional State General Fund expenditures.

The agency also included a request to change the DADS Social Welfare Fund from a limited special revenue fund to a no limit special revenue fund for FY 2016.

Governor's Recommendation

The **Governor** recommends FY 2016 expenditures totaling \$1.6 billion, including \$664.6 million from the State General Fund. The recommendation is an increase of \$96.0 million, or 6.5

percent, including \$37.9 million, or 6.1 percent, from the State General Fund, above the agency's request.

The Governor's recommendation includes the addition of \$79.9 million, including \$40.7 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate. Also included in the Governor's recommendation is a reduction of \$1,198,469, for a 4.0 percent operating reduction. The reduction will be managed by a decrease in mental health grants, Senior Care Act, and community developmental disability grant funding.

The Governor's recommendation includes a reduction of \$190,454, including \$61,159 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2016 recommendation also includes the addition of \$66.6 million, including \$29.3 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of \$57.0 million, including \$25.0 million from the State General Fund, associated with the implementation of KanCare policy changes.

The recommendation includes shifting \$9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2016. Also included is an increase of \$1.0 million, all from the State General Fund, for mental health services, to provide behavioral health access for transitional and intermediate levels of care. The recommendation includes the addition of \$6.8 million, including \$3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of \$2.3 million, including \$1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notations and adjustments:

1. The Budget Committee notes the Governor's FY 2016 recommendation for the agency includes reductions of \$57.0 million, including \$25.0 million from the State General Fund. These reductions are based on anticipated savings from implementation of KanCare policy savings related to caseload cost reductions, Medicaid pharmacy administrative reforms, and Managed Care Organization (MCO) financial incentives for contracted providers. The Committee is concerned the savings anticipated from the proposed policy changes will not be fully realized and the agency may not have adequate funding for entitlement services for FY 2016.

The Committee recommends the estimated costs of \$57.0 million, including \$25.0 million from the State General Fund, associated with the anticipated savings from implementation of the KanCare policy changes be reviewed at Omnibus, including the passage of 2015 SB 123 or similar legislation.

2. The Budget Committee notes testimony provided by the agency which indicated that currently there are six individuals receiving services on the Home and Community Based Services Wavier for individuals with Traumatic brain injuries who are currently located

out-of-state at a cost of approximately \$1.0 million per year. The Budget Committee notes that the agency stated as part of the KanCare savings plan these expenditures were being reviewed with the expectation that the majority, if not all, of these individuals could return to Kansas for their treatment. The Budget Committee notes that while the anticipated savings from this policy implementation are already contained in the Governor's budget recommendation, it is the intention of the Budget Committee to request follow-up information from the agency to ensure this effort is completed.

3. The Budget Committee requests the agency review and evaluate the implementation of best practices, including any available software or technology for providing services of the Home and Community Based Services Waiver for individuals with traumatic brain injuries. This software package has the potential to dramatically decrease the length of treatment for these individuals resulting in a faster return to normal activity levels for the individuals and a decrease in expenditures on the part of the state. The Budget Committee encourages the agency to implement this within its existing resources, at an estimated cost of \$300,000.
4. The Budget Committee notes the importance of nutrition programs in the lives of older citizens and individuals with disabilities. The Budget Committee notes that the nutrition program is anticipated to provide meals to approximately 35,000 people during a single year, including approximately 3,000,000 meals. Testimony provided to the Budget Committee included information that funding for this program had not increased since FY 2009, although the cost to provide the services had continued to increase. The Budget Committee notes its intention to review the potential to add funding for this program during Omnibus.
5. The Budget Committee notes concerns raised regarding the payer for the fees associated with completing background checks for all Home and Community Based Services waiver providers. The Budget Committee received testimony that indicated the expectation that this additional expense, if required to be paid from the current FMS provider rate, would cause a hardship for these providers. The Budget Committee requests the agency pursue options to either have the provider pay for the background checks for themselves, or find an alternative which does not pass the costs to the FMS providers.
6. The Budget Committee notes that the 4.0 percent operating reduction for this agency was implemented including a reduction of \$520,447 from the State General Fund in FY 2016 for the Community Developmental Disability Organization contracts. The Community Developmental Disability Organizations provide services to individuals with developmental disabilities who reside in the community, including individuals receiving services on the Medicaid Home and Community Based Services Wavier. The Budget Committee notes that the reduction results in a decrease specific to this program higher than 4.0 percent, resulting in a disproportionate level of reductions. The Budget Committee notes its intention to review the potential to restore funding for this program at Omnibus.
7. The Budget Committee notes the importance of the Senior Care Act, which provides in home services to individuals 60 years of age and older to prevent premature nursing facility placement. The Budget Committee expresses concern that the Governor's recommendation includes a reduction of \$120,000 for FY 2016. The Budget Committee notes its concern that if services are not funded at an adequate level, there may be an increase in nursing facility placements for this group. The Budget Committee requests

the agency to monitor the funding level closely and request additional funding in the future to ensure this population is able to remain in their homes.

8. The Budget Committee notes the agency indicated as a part of implementation of the 4.0 percent operating reduction, it is not renewing several grants which will expire at the end of FY 2015. The agency further indicates its intention to issue a Request for Information and then a Request for Proposal for a series of consolidated grants. Specific contracts which are not planned to be renewed include National Alliance on Mental Illness and Keys for Networking, Inc. The Budget Committee notes its intention to review the status of funding for the entities which are currently receiving these grants at Omnibus to determine if specific funding needs to be restored, particularly if the entities are providing services not provided by any other grant.
9. The Budget Committee recommends that the DADS Social Welfare Fund remain a limited special revenue fund, not a no-limit special revenue fund as recommended by the Governor.

House Budget Committee Report

Agency: Kansas Department for Aging and Disability Services

Bill No. --

Bill Sec. --

Analyst: Deckard

Analysis Pg. No. 2519

Budget Page No. 176

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 626,845,205	\$ 667,965,570	\$ 0
Other Funds	843,373,890	902,469,688	0
Subtotal	\$ 1,470,219,095	\$ 1,570,435,258	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	7,720,000	7,720,000	0
Subtotal	\$ 7,720,000	\$ 7,720,000	\$ 0
 TOTAL	 \$ 1,477,939,095	 \$ 1,578,155,258	 \$ 0
 FTE positions	 195.0	 195.0	 0.0
Non FTE Uncl. Perm. Pos.	80.0	80.0	0.0
TOTAL	275.0	275.0	0.0

Agency Request

The **agency** expenditures of \$1.5 billion, including \$626.8 million from the State General Fund, for FY 2017. The request is an increase of \$435,644, including \$184,547 from the State General Fund above the FY 2016 request. The request includes the addition of approximately \$568,650, including \$184,547 from the State General Fund, to cover the cost of the 27th payroll period. The request includes capital improvement expenditures totaling \$7.7 million, all from the State Institutions Building Fund.

The agency request includes the shift of savings totaling \$1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's enhancement request also includes \$1.9 million in additional federal Medicaid funds as a result of the additional State General Fund expenditures.

The agency also included a request to change the DADS Social Welfare Fund from a limited special revenue fund to a no limit special revenue fund for FY 2017.

Governor's Recommendation

The **Governor** FY 2017 expenditures totaling \$1.6 billion, including \$668.0 million from the State General Fund. The recommendation is an increase of \$100.2 million, or 6.8 percent,

and a decrease of \$470,000, or 0.9 percent, from the State General Fund, from the agency's request.

The Governor's recommendation includes the addition of \$111.2 million, including \$55.8 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate. Also included in the Governor's recommendation is a reduction of \$1,198,469, for a 4.0 percent operating reduction. The reduction will be managed by a decrease in mental health grants, Senior Care Act, and community developmental disability grant funding.

The Governor's recommendation includes a reduction of \$194,267, including \$62,383 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2017 recommendation also includes the addition of \$66.6 million, including \$29.3 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of \$56.8 million, including \$25.0 million from the State General Fund, associated with the implementation of KanCare policy changes.

The recommendation includes shifting \$9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2016. Also included is an increase of \$1.0 million, all from the State General Fund, for mental health services, to provide behavioral health access for transitional and intermediate levels of care. The recommendation includes the addition of \$6.8 million, including \$3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with developmental disabilities. Also included is the addition of \$2.3 million, including \$1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

Also included in the recommendation are savings totaling \$14.8 million, including \$6.5 million from the State General Fund, associated with a reduction of the state's payment error rate measurement. The reduction is anticipated with the Executive Reorganization Order No. 43 which transfers the responsibility for Medicaid eligibility to the Kansas Department for Health and Environment beginning January 1, 2016.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following notations and adjustments:

1. The Budget Committee notes the Governor's FY 2016 recommendation for the agency includes reductions of \$57.0 million, including \$25.0 million from the State General Fund. These reductions are based on anticipated savings from implementation of KanCare policy savings related to caseload cost reductions, Medicaid pharmacy administrative reforms, and Managed Care Organization (MCO) financial incentives for contracted providers. The Committee is concerned the savings anticipated from the proposed policy changes will not be fully realized and the agency may not have adequate funding for entitlement services for FY 2016.

The Committee recommends the estimated costs of \$57.0 million, including \$25.0 million from the State General Fund, associated with the anticipated savings from

implementation of the KanCare policy changes be reviewed at Omnibus, including the passage of 2015 SB 123 or similar legislation.

2. The Budget Committee notes testimony provided by the agency which indicated that currently there are six individuals receiving services on the Home and Community Based Services Waiver for individuals with traumatic brain injuries who are currently located out-of-state at a cost of approximately \$1.0 million per year. The Budget Committee notes that the agency stated as part of the KanCare savings plan these expenditures were being reviewed with the expectation that the majority, if not all, of these individuals could return to Kansas for their treatment. The Budget Committee notes that while the anticipated savings from this policy implementation are already contained in the Governor's budget recommendation, it is the intention of the Budget Committee to request follow-up information from the agency to ensure this effort is completed.
3. The Budget Committee requests the agency review and evaluate the implementation of best practices, including any available software or technology for providing services of the Home and Community Based Services Waiver for individuals with traumatic brain injuries. This software package has the potential to dramatically decrease the length of treatment for these individuals resulting in a faster return to normal activity levels for the individuals and a decrease in expenditures on the part of the state. The Budget Committee encourages the agency to implement this within its existing resources, at an estimated cost of \$300,000.
4. The Budget Committee notes the importance of nutrition programs in the lives of older citizens and individuals with disabilities. The Budget Committee notes that the nutrition program is anticipated to provide meals to approximately 35,000 people during a single year, including approximately 3,000,000 meals. Testimony provided to the Budget Committee included information that funding for this program had not increased since FY 2009, although the cost to provide the services had continued to increase. The Budget Committee notes its intention to review the potential to add funding for this program during Omnibus.
5. The Budget Committee notes concerns raised regarding the payer for the fees associated with completing background checks for all Home and Community Based Services waiver providers. The Budget Committee received testimony that indicated the expectation that this additional expense, if required to be paid from the current FMS provider rate, would cause a hardship for these providers. The Budget Committee requests the agency pursue options to either have the provider pay for the background checks for themselves, or find an alternative which does not pass the costs to the FMS providers.
6. The Budget Committee notes that the 4.0 percent operating reduction for this agency was implemented including a reduction of \$520,447 from the State General Fund in FY 2017 for the Community Developmental Disability Organization contracts. The Community Developmental Disability Organizations provide services to individuals with developmental disabilities who reside in the community, including individuals receiving services on the Medicaid Home and Community Based Services Waiver. The Budget Committee notes that the reduction results in a decrease specific to this program higher than 4.0 percent, resulting in a disproportionate level of reductions. The Budget Committee notes its intention to review the potential to restore funding for this program at Omnibus.

7. The Budget Committee notes the importance of the Senior Care Act, which provides in home services to individuals 60 years of age and older to prevent premature nursing facility placement. The Budget Committee expresses concern that the Governor's recommendation includes a reduction of \$120,000 for FY 2017. The Budget Committee notes its concern that if services are not funded at an adequate level, there may be an increase in nursing facility placements for this group. The Budget Committee requests the agency to monitor the funding level closely and request additional funding in the future to ensure this population is able to remain in their homes.
8. The Budget Committee notes the agency indicated as a part of implementation of the 4.0 percent operating reduction, it is not renewing several grants which will expire at the end of FY 2015. The agency further indicates its intention to issue a Request for Information and then a Request for Proposal for a series of consolidated grants. Specific contracts which are not planned to be renewed include National Alliance on Mental Illness and Keys for Networking, Inc. The Budget Committee notes its intention to review the status of funding for the entities which are currently receiving these grants at Omnibus to determine if specific funding needs to be restored, particularly if the entities are providing services not provided by any other grant.
9. The Budget Committee recommends that the DADS Social Welfare Fund remain a limited special revenue fund not a no-limit special revenue fund as recommended by the Governor.