

Approved _____
Date

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by Vice-Chairman, Frank Buehler at
Chairperson

1:30 a.m./p.m. on March 5, 1987 in room 423-S of the Capitol.

All members were present except:

Chairman Littlejohn, Representative Flottman, both excused.

Committee staff present:

Emalene Correll, Research
Bill Wolff, Research
Norman Furse, Revisor

Conferees appearing before the committee:

Debra Brummer, State Committee of Blind Vendors
Larry Waymire, Nat'l Foundation of Blind Vendors/Randolph Sheppard Vendors, Inc.
Michael Byington, Ks. Association for Blind/Visually Impaired, Inc.
Janet Schalansky, Department of Social & Rehabilitation Services
John Grace, Kansas Association of Homes for the Aging
Dr. Ron Harper, Secy. Department on Aging
Dick Hummel, Kansas Health Care Association
Marilyn Bradt, Kansans for Improvement of Nursing Homes, Inc.
Tom Bell, Kansas Hospital Association
Mark Intermill, Kansas Coalition on Aging
Nadine Burch, Kansas Coalition on Aging
Jerry Slaughter, Kansas Medical Society

Vice-Chairman called meeting to order, calling attention to (Attachment No.1). Rev. Richard Taylor's printed testimony on HB 2412 that he was unable to present in person on March 2, 1987.

Hearings began on HB 2504

Debra Brummer, State Committee of Blind Vendors, gave hand out (see Attachment No.2), for details. This legislation will basically clean up language, making it consistent with the Federal "Randolph-Sheppard Act." She detailed an explanation of "Blind Vendor". The vending facility program, commonly known as Business Enterprise Program now provides remunerative employment opportunities to blind persons in Kansas. These people thus, become tax payers. The Business Enterprise program utilizes no state tax dollars for its operation, and does put money back into the state economy through state income and state sales taxes. She urged for support.

Larry Waymire, Nat'l Foundation of Blind Vendors gave hand-out, (see Attachment No.3), for details. He gave an overview of the booklet shown in Attachment, the Economic Impact Analysis of the Blind Vending Facilities in Kansas. This program yields more tangible economic benefits well in excess of its level of public support. New income and employment generated through this program will create additional income and employment through the multiplier process. There are 128 employed in the program in 1986. He cited statistics and detailed the report further, and asked for support of HB 2504.

Michael Byington, Ks. Association for Blind/Visually Impaired, Inc, gave hand-out (Attachment No.4), see for details. He spoke of the unemployment picture of the blind community, which ranges from 66%-70%. When the Randolph-Sheppard Act was adopted years ago, it provided for blind and legally blind individuals to be trained as restaurant and concession managers, and have priority to manage such facilities located in federal facilities. Soon all states followed with their own little Randolph-Sheppard Acts providing similar programs allowing the blind to manage cafeterias and concession stands in state facilities. Facilities range from vending machines to full service cafeterias and the operations are run at no cost to the tax payer. Blind vendors are independent business persons whose incomes are based on their promotional and management skills, as in any business. Without this program there are many individuals who would not be working. HB 2504 updates the Kansas little Randolph-Sheppard Act, making it consistent with the current Federal Act.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE,
room 423-S, Statehouse, at 1:30 /a/m./p.m. on March 5, 1987

Hearings closed on HB 2504.

Hearings began on HB 2527:-

Janet Schalansky, Department of SRS, gave hand-out, (see Attachment No. 5), for details. HB 2527 would promote development of community education programs regarding to alternative services which may be available that would allow a person to remain in their own home or community, and to delay or prevent admission into an adult care home. Also this legislation requests hospitals to notify the Department of SRS within 48 hours prior to the patient being discharged from a hospital. We support this legislation she said. She detailed the fiscal impact they have outlined in Attachment. This fiscal note indicates cost estimates on the high side she stressed. If hospitals had their own screening person, (social worker/ nurse/ someone already on staff), the costs to SRS would be greatly reduced. The 22,028 patients discharged annually to adult care homes isn't a firm figure since many in this number would be patients who are in and out of hospital for treatments that are returned to their same nursing care facility. SRS supports the concept of education and determination of appropriateness of care.

John Grace, Kansas Association of Homes for the Aging gave hand-out, (see Attachment No.6), for details. Earlier in HB 2096 our Association suggested a program of education and information for older persons and their families would be appropriate for the state. HB 2527 would require such a program. In line 41 of HB 2527, we would prefer to see the word "counseled" substituted for the word, "interviewed". Our point is to protect a persons right to privacy. We basically object to gathering information about individuals income level. We feel that interviewing is gathering information, and counseling is to educate.

Dr. Ron Harper, Department on Aging gave hand-out, (see Attachment No.7), for details. The report of Special Commission on Public Agenda for Kansas favorably discussed the review of all admissions to nursing homes. Reports show older Kansans' utilize nursing homes more than the national average. Evaluating all adult care home applicants' need for such care can help reduce this over-utilization. There are two concerns we'd like to ask committee to consider, i.e., HB 2527 speaks only to hospital discharges; and it appears to require interviewing of all hispital discharges to adult care homes, even those who were admitted to hospital from already being an adult care home resident and having gone to hospital for short term care medical care procedures. The Department on Aging would support a bill with more potential for cost savings to the state that would result from an assessment process that would divert community applicants from unnecessary admission to adult care homes.

Dick Hummel, Ks. Health Care Association gave hand-out, (see Attachment No.8), for details. He spoke in opposition to HB 2527. While we support public education of the elderly in regard to alternate services available in the community as described in paragraph one of the bill, we are concerned about paragraph two. Authority for SRS to become involved in the lives and personal finances of the general public concerns us. We believe the interviewing of patients prior to discharge by hospitals is already being done as an accepted practice and isn't necessary in statute. We believe the purpose of encouraging the Dept. of Aging and other area Agencies to continue to expand community education programs in this regard is sound, however because of implications, costs, procedural technicalities of Sec. 2, we oppose this legislation.

Marilyn Bradt, Kansans for Improvement of Nursing Homes, (see Attachment No. 9), for details. Sec. 1 providing for Dept. on Aging to promote community education quite possibly is within current capability of area agencies on Aging, without additional funding, as an expanded part of their information services. However, Sec. 2 appears to have a forbidding fiscal note, depending upon the "interview". If said interview is complex or as costly as pre-admission screening now used by SRS, it would not appear the state could assume that expense. We suggest a simple system be developed for interviewing and counseling that would make use of functions that are already in place. Such a process could then achieve the goal on which to base long-term care plans.

Tom Bell, Kansas Hospital Association, (see Attachment No.10), for details. Section one of HB 2527 is a commendable goal. Section two provides for pre-discharge interview of every patient to be transferred from a medical care facility to a nursing home,

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE,
 room 423-S, Statehouse, at 1:30 a.m./p.m. on March 5, 1987

Hearings continue on HB 2527:-

regardless of whether nursing care is needed; whether the person is eligible for state medical assistance; or what alternative services are available to that person. Our concern, he said, is that this may add some unnecessary regulation. We feel Section two may be duplicative of new Federal requirements recently set down by Medicare. He answered questions, i.e., yes, it has been suggested the screening begin 48 hours after admission, rather than 48 hours before dismissal; yes, the hospital is under pressure to release patients according to specifications on the Diagnosis-Related Groups, (DRG) list.

Mark Intermill, Coalition on Aging, see (Attachment No.11), for details. The Ks. Coalition on Aging supports establishment of a comprehensive and coordinated community long term care system. We believe implementation of a system of community care will pose a cost-effective alternative to the current system which is biased toward institutional care. More importantly, choices in determining care will then be provided. HB 2527 addresses the issue of discharge planning. With the advent of diagnosis-related groups, (DRG's) method of reimbursement of hospitals by Medicare, there has been a fear that older patients are being discharged from hospitals before they should be. We need to have a range of services that are adequately funded and appropriately utilized. We believe implementation of this bill would be a step toward achieving this goal. KCOA supports passage of HB 2527.

Nadine Burch, Kansas Coalition on Aging, (see Attachment No.12), for details. She detailed problems that she had recently after gall bladder surgery, in relation to being discharged too soon when she was still very ill. Having had experience in aging services and her assertiveness gave her the confidence to confront the Hospital and physician and she refused to leave. Alternative arrangements were quickly made and she was allowed to remain in the hospital for a few more days and not be admitted to a nursing care home. She feels HB 2527 will address this situation for others in that persons will be made aware of what options are available. She asked for support of HB 2527.

Jerry Slaughter, Ks. Medical Society asked to be heard and offered a comment in support of physicians. There is a fundamental clash between physicians/hospitals/ Federal Regulations in regard to DRG's. The Federal Government says they can't pay any more than X number of dollars on certain cases, and therefore the patient has to be removed from the hospital. He wanted this point to be made for committee to consider.

Dr. Harper then asked to clarify the DRG's situation. Says the system reimburses according to costs allowed for certain diseases, or treatments. It is however the physician that would be the one to release the patient. He may be under pressure from the hospital, but he ultimately makes the decision in regard to patient release.

Hearings closed on HB 2527.

HB 2412:

Vice-Chair recognized Rep. Hassler. She called attention to balloon copy of proposed amendments on HB 2412 as proposed by Ks. Medical Society yesterday. Line 44, to delete "health care institutions". Seconded by Rep. Pottorff. Discussion ensued. Vote taken, motion carried.

Motion to amend further HB 2412, line 27, after "institutions", add "and any other place where health care services are provided to the public". Delete section (d) lines 35 through 50, made by Rep. Branson, seconded by Rep. Neufeld, motion carried.

Rep. Branson moved to further amend HB 2412, on line 30 after "facilities", delete "and state buildings". Seconded by Rep. Blumenthal, motion carried.

Rep. Blumenthal moved to amend HB 2412 on line 59 to add language, "to establish minority percentage of not to exceed 50% of the area", seconded by Rep. Gatlin. Discussion ensued, vote taken, motion taken, division requested, show of hands indicated 8 in favor, 8 against, motion failed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE,
room 423-S, Statehouse, at 1:30 a.m./p.m. on March 5, 1987.

Rep. Whitemen made a conceptional motion to amend HB 2412 on line 51, 52, to delete language through the word "act", and to capitalize "T" in "the", to add in line 53 after the word "premises", "if a public place". To delete in line 56 after the word "any", "room or area". Motion seconded by Rep. Amos, motion carried.

Rep. Whiteman made a conceptional motion to amend HB 2412 further by deleting Sec. 4, and to add language, "\$20 fine does not include court costs." Motion seconded by Rep. Harder. Discussion ensued. Revisor will place this language where appropriate, per \$20 and \$50 fines.

Rep. Shallenburger moved to table HB 2412, seconded by Rep. Green. Discussion ensued.

Rep. Neufeld made a substitute motion to pass HB 2412 favorably out of committee as amended, Rep. Hassler seconded, vote taken, motion carried.

It was determined Revisor will make proper language changes in title of bill as necessary.

Meeting adjourned.

"Alcohol is a drug. It is the No. 1 drug of abuse in our society. Its only close rival is tobacco."

JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION
October 12, 1984 (page 1911)

This measure deals with our number two drug problem. Our nation has declared war on drugs. Here is your opportunity to strike a blow for less drug suffering.

Many expensive hours of legislative time are used dealing with alcohol and tobacco measures during every session. Taxpayer dollars spent for such time could be saved if the legislature would strike section (d) of K.S.A. 65-4102. Someone should make such an amendment to the next controlled substance bill considered.

By definition, tobacco and alcohol are controlled substances but are exempt from control under that law. They must be controlled under other statutes, one of which is HB 2412.

As with all drug problems, education is an important part of the answer. Law is also an important part of the answer. Tobacco and other drug problems cause much human suffering because pushing the drug is profitable. Money is the issue, not freedom of choice.

The freedom of choice argument can be used to defend anything any person wants to do any time in any place. Unlimited freedom of choice is the law of the jungle. I want freedom of choice to choose my vocation, choose my mate, choose where I will live, choose the car I drive, choose what I will say. We all want freedom of choice for that which builds up. A civilized society does not permit freedom of choice for that which destroys.

Born and raised on a Kansas farm, I had a voice that could reach Dad at the back 40. But in 1974, a syllable would catch in my throat at times. Dr. Kirchner at the Kansas University Medical Center found a lesion on a vocal chord. He asked if I smoked. I said no. He said such a lesion is always benign in a non smoker, but they must do a lab test and I should return in 10 days.

Because medical doctors in Topeka and at the Kansas University Medical Center said cancer on a vocal chord happened only in a smoker, my wife and I returned in ten days, hoping for and expecting good news.

Dr. Kirchner was very solemn. He looked me in the eye and said, "You have cancer on a vocal chord. Leave it there and it will kill you. Remove the vocal chord by surgery and we'll hope for the best."

I now speak with one vocal chord. Before surgery, someone made a recording as I spoke to the First Baptist Church at Wichita. Sometime I would like for you to hear a minute of my voice before cancer. TV stations may have some old footage of my voice as I presented information day after day to many legislative committees in smoke filled rooms during the sessions of 1971, 72, 73, and 74.

Doctors told me second hand smoke may have caused cancer on my vocal chord. Do non smokers have the right to live in freedom from second hand smoke in public places? Should non smokers lose a vocal chord to cancer because of second hand smoke?

For the sake of every smoker and non smoker, for the vocal chords of every person throughout Kansas, please support HB 2412 and other measures that tend to reduce the use of our number two drug of abuse.

"A colorful orator with a hearty baritone voice, Mr. Taylor finds his natural forum in church pulpits around the state." Wall Street Journal, Dec. 28, 1973 (front page)

*Place
attached
3-5-87*

DEBRA BRUMMER
PRESIDENT

GERALD GRIGGS
VICE PRESIDENT

LARRY WAYMIRE
SECRETARY-TREASURER

CATHERINE DAWSON
EASTERN DIVISION

SANDRA TERRY
WESTERN DIVISION

State Committee of Blind Vendors

TESTIMONY
By Debra Brummer

TO: All Members; House Committee of Public Health and Welfare

SUBJECT: HB # 2504

DATE: March 5, 1987

On behalf of the blind persons in Kansas who are licensed to operate vending facilities under KSA 75-3337 et. seq., I strongly urge you to support HB 2504, and recommend its passage to the full House for consideration.

This bill will basically clean up the language and make it more consistent with the Federal "Randolph-Sheppard Act. "

The vending facility program, commonly known as the Business Enterprise Program, provides remunerative employment opportunities to blind persons in Kansas. These people, thus become, tax payers in Kansas.

The Business Enterprise Program utilizes no state tax dollars for its operation, and in fact puts a great deal of money back into the state's economy through state income tax and state sales tax.

To insure the continued success of this important program, I urge you to support HB # 2504.

I have enclosed some background information which may be useful to you.

*PHW
attm #2
3-5-87*

The purpose of this bill is to facilitate the establishment of vending stands on property controlled by departments, agencies, or instrumentalities of the state of Kansas. This bill will expand remunerative employment opportunities for the blind and bring state law into greater conformity with corresponding federal law by making the language consistent with that in federal law, thereby preventing cities and counties from denying the blind priority in establishing vending facilities.

Language in the existing law is not consistent with the federal Randolph-Sheppard law which gives blind persons priority status in the operation of vending facilities on federal property. Current language has resulted in difficulties establishing vending stands to be operated by the blind in city and county buildings. For example, a food service contract in an urban county courthouse has been awarded in the past to a private vendor without giving the blind vending facility program preferential opportunity to meet bid specifications. The proposed legislation is more consistent with language in the federal law by giving qualified blind persons priority to operate vending facilities on property of departments, agencies, or instrumentalities of the state of Kansas.

The estimate from the Federal Rehabilitation Services Administration Office of the Blind and Visually Impaired is that at least 75% of the states have laws that give blind persons priority to operate vending facilities on city, county, and state property. Such laws are modeled after the federal Randolph-Sheppard law. As expressed in K.S.A. 75-3337, the state laws have been enacted "for the purpose of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting...." From 25 to 30 blind persons are usually employed as vending facility managers. Average annual income is approximately \$19,500. Assessments are levied against net profits of facilities. The assessments are used to earn matching federal vocational rehabilitation funds at the rate of four federal dollars for each dollar of assessment. The combination of federal and assessment funds is used to operate the vending facilities program. Approximately \$4,300 of assessment is expected from each vending facility. This can earn \$17,200 of federal funds. The total can be applied to vending facility program operating expenses or program enhancements which benefit all of the blind vending facility managers.

Absence of priority in the past has resulted in questions about the right of blind persons to operate vending facilities in city and county buildings and has increased the difficulty of establishing vending facilities to be operated by the blind. The proposal provides for normal binding arbitration procedures with a neutral third party serving as chairperson of an arbitration panel when disputes arise, i.e., when a department or agency fails to comply with the Act or regulations. An example of a dispute is a county's opting to issue a contract for courthouse food service to a private vendor without giving preference or priority to a licensed blind vendor. The proposal establishes a committee of blind vendors whose responsibilities are consonant with those specified in federal regulations.

The effect of passage will make it easier for blind persons to operate vending stands in buildings controlled by departments, agencies, or instrumentalities of the state of Kansas. This will enlarge employment

opportunities for the blind and stimulate even more blind persons to become self-supporting.

There is no way to project precisely the number of new vending facilities that will result from this proposal. As current food service contracts in city, county, and state buildings expire, the vending facility program for the blind will have opportunities to open facilities at those sites. Relocation of city, county, and state employees to new offices offers potential for new vending facilities. It is estimated that approximately four new vending facilities are likely to become available in the next four years. Each site is expected to provide employment for at least one blind person. Vending facilities that result from the proposal are expected to provide an average annual income of \$19,500 for the blind managers. An average of \$4,300 per facility per year is expected to be assessed against net profits. The assessment is used to operate the vending facility program. No state tax funds are used for this program.

All blind vending facility managers, i.e., usually from 25 to 30, stand to benefit from this proposal by having assessment funds and matching federal funds applied to program operation and enhancement. If the program is forced to rely less on federal funds, there will need to be more reliance on assessment funds as a primary source of program financing.

Randolph Sheppard Vendors of Kansas

Testimony

To: House Committee of Public Health and Welfare

Date: March 5, 1987

From: Larry E. Waymire Secretary/Treasurer
Randolph Sheppard Vendors of Kansas
President
Capitol Chapter, National Federation
of the Blind of Kansas

Regarding: Testimony for Public Health & Welfare House Bill #2504

Economic Impact Analysis by Robert Glass & Richard Sexton

University of Kansas

Following is a brief overview of the above. I have taken the liberty of noting what I feel to be the significant points of this economic analysis, along with relevant facts pertaining to the Business Enterprise Program.

The Blind Vending Facilities Program in Kansas does yield tangible economic benefits well in excess of its level of public support.

The State's share of public funds comes from the vendor's earnings, ei, no State Tax Dollars.

The Program's benefit/cost ratio is about 8.27; or, for every \$1 spent on the Program, about \$7 are returned into the economy.

New income and employment generated through the Vending Facility Program will create additional income and employment through the multiplier process.

The total number of jobs created in 1978 was estimated to be 102, with the number increasing to 128 in 1986.

The 1983-86 estimates assume no changes in net income earned by the Program from the 1982 level. I feel the net income has risen. Also the State retail sales tax has risen since this survey.

Participation levels in the Program have been nearly unchanged since 1978. The reason for Bill #2504 is to increase employment opportunities within the BEP, among other things.

The study was rather conservative, by the authors' own admission, and assessed only the Program's tangible benefits, when it also generates significant intangible virtues.

The National Federation of the Blind of Kansas, an active and concerned consumer group, stands alongside the Randolph Sheppard Vendors of Kansas in regards to support for passage of House Bill #2504.

PAW
Attn # 3
3-5-87

Research Papers in Economics & Business

AN ECONOMIC IMPACT ANALYSIS OF THE BLIND
VENDING FACILITIES PROGRAM IN KANSAS

Project Director

Robert Glass



AN ECONOMIC IMPACT ANALYSIS OF THE BLIND
VENDING FACILITIES PROGRAM IN KANSAS

Project Director
Robert Glass

Anthony Redwood
Director

Institute for Economic and Business Research
University of Kansas

November, 1983

This study was funded through the State Department of Social and Rehabilitation Services. All views expressed are solely those of the authors. Richard Sexton and Michael Valk assisted Mr. Glass on this project.

An Economic Impact Analysis of the Blind Vending Facilities Program
in Kansas

INTRODUCTION

According to the most recent Census Bureau figures, 8.9 percent of working age Americans have some disability which limits the amount of kind of work they can perform. Twenty-six percent of those in this group live below the poverty rate, and only 22 percent worked full-time for the whole year in 1981.

Because of their reduced labor force participation, disabled persons are significant participants in major government assistance programs. In fact, 23 percent of the 12.1 million food-stamp recipients in 1981 were disabled while 37 percent of those receiving Medicaid had a work disability.

The development of training programs to better assimilate the disabled into the work force has long been a goal of public policy in the United States. Many would argue that such programs are meritorious irrespective of the cost outlays incurred. A more pragmatic approach, however, would require that these programs, just as any other, justify their mandate by yielding a tangible, positive economic impact at least commensurate with the public cost outlay.

Adopting such an approach, this study investigates one particular training program for the disabled, the Blind Vending Facilities Program in Kansas. The mandate for such programs came in 1936 with the passage of the Randolph-Sheppard Act which directed that state licensing agencies be commissioned to provide opportunities and encouragement for blind people to become self-sufficient and contributing members to society. The principal means by which this mission was to be discharged was the establishment of blind-managed vending operations in public facilities. The original legislation was strengthened and modified with the passage of the Randolph-Sheppard Act Amendments of 1974.

In evaluating the economic impact of the Blind Vending Facilities Program, the analyst's primary interest lies in determining the extent to which the program has succeeded in moving blind people from the public assistance rolls into productive positions in the work force. That is, the reduction in public assistance outlays and the commensurate increase in tax receipts constitute the tangible benefit accruing from these programs to the various governmental levels. Measuring these benefits and comparing them to the governmental outlays for this program, therefore, is the methodology employed in this analysis. The methodological problems in making these assessments are by no means small, however, and, hence, a somewhat detailed discussion of the analytical approach is called for and is provided in Section I. The section following discusses in some detail the analytic techniques employed to develop estimates of the economic impact of the Blind Vending Facilities Program, and Section III calculates those estimates. Section IV concludes the study proper, briefly presenting the major findings. Most notably, this section emphasizes that the Program has a positive economic effect on every relevant level of both the state and federal government.

I. Methodology for Estimating Economic Impact

To estimate the economic impact of the Vending Facilities Program, it is necessary to first determine the exact nature of that impact. In this regard, the critical question concerns whether the Vending Facilities Program simply redistributes jobs away from sighted workers to visually handicapped workers or whether the program actually generates new economic activity and increases the number of jobs in the Kansas economy. This issue should be considered from both a static and a dynamic perspective as demonstrated through the construction of a simple example.

For this purpose, first consider the economic impact of establishing a new blind vending facility in Kansas as a discrete activity specific to one singular moment in time. Within this context of static (timeless or noncontinuous) analysis, the economic effects of establishing such a facility in the state depend critically upon the magnitude of unemployed resources within the economy. If the Kansas economy is operating at full employment, then the new vending facility would represent an expansion of the economy. This conclusion follows from the observation that any workers (for example, restaurant employees) displaced by the new facility would be without work only temporarily in a fully employed economy and would quickly become assimilated into other sectors of the economy. Hence, the addition of the visually handicapped workers to the labor force represents an increase in the productive capacity of the work force and, during periods of full employment, results in an increase in the level of income generated in the local economy.

However, if the Kansas economy is operating at less than full capacity with significant numbers of unemployed persons, the economic impact from establishment of the new facility may be considerably different. At the outset, it is quite likely that some of the unemployed persons who are not visually handicapped could receive training and run the new facility in a manner comparable to the visually handicapped person being trained to run the facility. Furthermore, workers displaced due to competition from the blind-run operations would have trouble reassimilating into society in a high unemployment economy. As well, given the widely acknowledged virtues of the market mechanism as a tool for allocating resources, a compelling argument can be made that any viable vending services location would be developed by private enterprise. Under this scenario, the Vending Facilities Program simply replaces private investment with public investment and replaces a slighted manager with a visually handicapped manager. Thus, within a static

environment and with the assumption of substantial unemployment, the economic impact of the Vending Facilities Program is purely distributional, i.e., distributing resources from the sighted to the blind.

Static analysis, however, embraces only part of the economic effect. A dynamic approach, although more complex, can capture an economy's path of adjustment to an economic phenomenon and, in this manner, expose what is hidden from the static approach. Returning to the example of a new vending facility being established during a period of significant unemployment, the result changes when the activity is considered within a dynamic (continuous) context. The initial results of the dynamic analysis are the same as those of the static analysis: public investment replaces private investment and blind employment replaces sighted employment. However, as the economy changes over time, new possibilities for investment develop and new opportunities for employment become available for the unemployed sighted persons. Thus, the visually handicapped person who received the training eventually represents an increase in the productivity of the labor force given that the dynamic changes in the labor market will present over time new opportunities for employment for sighted persons who initially may have lost jobs to the visually handicapped. As such, the long-run result of the dynamic analysis becomes the same as that of the static analysis with full employment: the local economy expands with an increase in productivity and an increase in the level of income.

Thus, when dynamic considerations are incorporated into the analysis, it can be demonstrated that the Vending Facilities Program generates new economic activity and expands the Kansas economy whether one assumes full employment of the Kansas economy or not. Because the dynamic approach is more general in nature and is more appropriate to the present context, it forms the analytical framework for the rest of this study.

II. Estimating Economic Impact

The impact of the Vending Facilities Program upon the Kansas economy can be broken down into two fundamental effects: first, the activity's direct impact upon the economy, and second, the subsequent, reactive effects precipitated by the economic activity as the initial effect works through the economy.

Estimating the direct effect of the vending facilities can be accomplished in a straightforward fashion once the methodological issues are resolved. These concerns, as noted, revolve around the displacement effects due to blind workers initially replacing sighted workers and, consequently, the diffusion process as the disenfranchised sighted workers become assimilated back into the work force through the manifestation of new economic opportunities.

As the displaced sighted workers acquire new, productive employment, the Vending Services Program begins to generate new income, which constitutes the direct impact from the Program. Also important to recognize, however, is that economic activity begets further activity through what is commonly known as the multiplier process.

Basically, the multiplier process derives from the fact that income obtained by one person, when spent, becomes income to another person, and so forth. Hence, income becomes "multiplied" as it moves through the economy. This process, though, does not continue indefinitely and eventually atrophies as income and expenditure "leak" from the point of initial income creation. Leakages can take the form of savings, taxes, or purchases of goods and services outside the local economy. Once income has left the local economy, it, of course, is no longer able to create further activity, and hence, the multiplication process ends.

An intuitive analogy for the multiplier phenomenon is the throwing of a rock into a pond. The immediate result is the splash which corresponds to the initial impact of an economic activity on an economy. Then, following the rock's descent, the impact can still be detected in the ensuing ripples. As these concentric circles expand toward the edge of the pond, they slow and diminish in force. This effect corresponds to the secondary or indirect impact of an economic activity; in fact, these secondary effects are sometimes referred to by economists as "the ripple effect."

Ripple effects, by nature, are not easy to estimate because they cannot be directly observed. This difficulty is surmounted in most cases through estimation of a multiplier which enable the secondary effects to be estimated without having to observe them.

The multiplier employed in this study was adapted from Kansas State University Professor Jarvin Emerson's Kansas Economy Input-Output Model. The multiplier is 1.84, and it relates directly to eating and drinking establishments in Kansas. This value corresponds closely to economic intuition concerning its appropriate value and is also consistent with previous Institute experience in the development of multipliers for Kansas.

Once a multiplier is in hand, the total income (TI) created from an infusion of economic activity (i.e., the direct and the secondary effects) is estimated as simply the product of the income multiplier, M_I , and the direct impact (DI). That is $TI = DI \times M_I$.

The remaining methodological consideration concerns positing the manner in which the direct impact is realized, i.e., the displacement and diffusion mechanism.

Based upon the discussion in Section I, the displacement effect, d , can be modeled as a function of time, t . Hence, it can be expressed as $d(t)$. The exact functional form of d depends upon economic conditions. In a full employment economy, as noted, assimilation of displaced workers occurs very quickly, and $d(t)$ tends toward zero over a short time interval. When economic conditions are poor, as they have been over much of the time interval covered by this study (1978-82), displaced will persist over a longer period.

Aside from this basic theory, there are few categorical rules to guide modeling of the displacement process, a condition that necessitates the exercise of some discretionary judgments on the analysts's part. Based, then, upon the judgment of the Institute analysts, the poor economic conditions which prevailed in Kansas over 1980-82 suggest that initial period displacement would be high. Therefore, it was assumed that $d(t_0) = 1.0$ where t^0 is the time period immediately following an infusion of economic activity from the Vending Services Program. It was further assumed that total reassimilation of displaced workers would occur after five years: $d(t_0+5) = 0$. And, because no other adjustment rate would seem innately superior to it, a simple, linear adjustment was assumed over the five-year period: $d(t_0 + 1) = 0.8$, $d(t_0 + 2) = 0.6$, $d(t_0 + 3) = 0.4$, and $d(t_0+4) = 0.2$.

In the forthcoming economic impact calculations, these adjustment parameters are applied only to new levels of economic activity flowing from the Program during the study period. For that level of activity which existed through 1978, it was assumed that the displacement effects had already worked their course or, in other words, that those displaced by the development of blind vending facilities had already become reconstituted within the work force. This assumption is plausible given the Program's relatively long history and the favorable economic conditions which prevailed during the 1975-78 period.

III. Estimated Impact of the Vending Facilities Program

A. The Total Income Effect

The income data for the Vending Facilities Program used for this study were for FY 1978 through FY 1982. (The fiscal year in this instance runs from October through September.) This length of time horizon is consistent with the intent to smooth out any possible aberrations of one particular year while avoiding the influence of possible institutional changes over longer time periods.

The direct income effect from the Program for each year is the net income (NI) generated by the program less any displacement effects. Table 1 contains NI (gross income-cost of goods sold) from the program in Kansas for FY 78 - FY 82. In each of the years examined, the Program attained some increase in the (current dollar) volume of income created.

Table 2 presents calculations of the total income effect. Total income (TI) in 1978 (year 1) is merely $NI_{78} \times 1.84$, because of the initial steady-state assumption. For 1979, however, new net income (NI_{79}) created during that year must go through the adjustment process. Hence,

$$TI_{79} = [NI_{78} + (1 - 0.8) NI_{79}] \times 1.84 = \$1,637,000$$

The displacement effect for 1979 (also displayed in Table 2) is $NI_{79} \times 0.8 = \$74,200$.

Table 1

	Net Income (Current Dollars) Earned in the Vending Facilities Program in Kansas				
	FY 78	FY 79	FY 80	FY 81	FY 82
GROSS INCOME (Total Sales from Vending Operations)	\$1,977,077	\$2,183,298	\$2,561,459	\$2,580,343	\$2,613,130
Cost GOODS SOLD	1,087,392	1,200,814	1,408,802	1,418,189	1,437,222
NET INCOME (Gross - Cost of) Income Goods	889,685	982,484	1,152,657	1,161,154	1,175,909
CHANGE IN NET INCOME	--	92,799	170,172	8,498	14,754

Table 2

Total Income Effect (Thousands of Dollars)

NET EFFECT	1978	1979	1980	1981	1982	1983	1984	1985	1986
EFFECT OF 1978	\$1,637.0	\$1,637.0	\$1,637.0	\$1,637.0	\$1,637.0	\$1,637.0	\$1,637.0	\$1,637.0	\$1,637.0
EFFECT OF 1979		34.2	68.4	102.5	136.6	170.8	170.8	170.8	170.8
EFFECT OF FY 1980			62.6	125.3	187.9	250.5	313.2	313.2	313.2
EFFECT OF FY 1981				3.1	6.3	9.4	12.5	15.6	15.6
EFFECT OF FY 1982					5.4	10.8	16.2	21.6	27.0
TOTAL	\$1,637.0	\$1,671.2	\$1,768.0	\$1,867.9	\$1,973.2	\$2,078.5	\$2,149.7	\$2,158.2	\$2,163.6

Displacement Effect (Thousands of Dollars)

DISPLACEMENT	BEFORE 1978	1979	1980	1981	1982	1983	1984	1985	1986
EFFECT OF FY 1978 AND BEFORE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECT OF FY 1979		74.2	55.7	37.1	18.6	0	0	0	0
EFFECT OF FY 1980			136.2	102.1	68.1	34.0	0	0	0
EFFECT OF FY 1981				6.8	5.1	3.4	1.7	0	0
EFFECT OF FY 1982					11.8	8.8	5.9	2.9	0
TOTAL	\$0	74.2	191.9	146.0	103.6	46.2	7.6	2.9	0

Total income created for 1980 is found by expanding this procedure one additional step: NI_{79} goes through phase 2 of the adjustment process, and NI_{80} goes through phase 1. Hence,

$$TI_{80} = [NI_{78} + (1 - 0.6) NI_{79} + (1 - 0.8) NI_{80}] \times 1.84 = \$1,768.00$$

The displaced income for FY 80 is $0.6 \times NI_{79} + 0.8 \times NI_{80} = \$191,900$.

Further elaboration on the calculation methodology used to obtain Table 2 should be unnecessary. The table carries forward computations through FY 86. Those for FY 83 - FY 86 assume no new expansion of NI from the Program during these years. Total income created continues to grow, though, as the displacement effect continues to decay.

Summing up the Program's income impact over the five-year interval obtains \$8,916,00 in new total income created. Over the nine-year interval from 1978-86, the figure is \$17,466,000.

B. Estimated impact on Other Economic Variables

Estimation of the Program's Impact on other important variables is accomplished by exploiting the close relationship which exists between income and variables such as employment, retail sales, and taxes. For example, an employment multiplier for Kansas M_E , can be estimated simply as the ratio of total employment in the state to Kansas personal income, i.e.,

$$M_E = \frac{\text{Total Kansas Employment}}{\text{Total Kansas personal income}}$$

Although simple in form, this expression incorporates the fact that most personal income is created through employment, and that, therefore, from year to year, the ratio should remain very stable, changing only due to higher salaries over time.

Given M_E , the estimated employment impact of the Vending Facilities Program for any year is that year's M_E times that year's total income effect.

The methodology used to compute the so-called multipliers for the other variables analyzed in this study mirrors that utilized for employment. Hence, the expressions are presented below with little elaboration:

$$\text{Retail Sales: } M_R = \frac{\text{Kansas Retail Sales}}{\text{Kansas Personal Income}}$$

Accurate retail sales data are available only through the pentade Census of Retail Trade; therefore, M_R cannot be adjusted annually. Presently, the most recent data is for 1977.

$$\text{Retail Sales Tax: } M_{RT} = \frac{\text{Kansas State-Level Retail Sales Collections}}{\text{Kansas Personal Income}}$$

$$\text{State Income Tax: } M_{ST} = \frac{\text{Kansas State Income Tax Collections}}{\text{Kansas Personal Income}}$$

Federal income tax data for Kansas are not yet available for the years after 1980. Therefore, the 1980 multiplier was extended into the future. This fact, given the 1981 and 1982 tax cuts, probably overestimates the tax impact to some small extent.

$$\text{Federal Income Tax: } M_{FT} = \frac{\text{Kansas Federal Income Tax Collections}}{\text{Kansas Personal Income}}$$

Estimates for 1978-82 of the multipliers developed in this subsection are contained in Table 3. Table 4 contains the results from applying the constellation of multipliers to the annual total income effects derived in Table 2. The total number of jobs created in 1978 is estimated to be 102 with the total increasing to 118 in 1982 and eventually stabilizing at 128 in 1986 after the displacement effects have been completed.

Table 3

Economic Activity Multipliers for Kansas

	1978	1979	1980	1981	1982 and BEYOND
EMPLOYMENT MULTIPLIER	0.0625	0.0555	0.0517	0.0459	0.0429
RETAIL SALES MULTIPLIER	0.4640	0.4640	0.4640	0.4640	0.4640
RETAIL SALES TAX MULTIPLIER	0.0176	0.0163	0.0158	0.0150	0.0146
STATE INCOME TAX MULTIPLIER	0.0158	0.0150	0.0164	0.0156	0.0188
FEDERAL INCOME TAX MULTIPLIER	.0842	0.0899	0.0899	0.0899	0.0899

TABLE 4

The Effect of the Vending Facilities Program on Other Economic Variables

	1978 AND BEFORE	1979	1980	1981	1982	1983	1984	1985	1986
EMPLOYMENT GENERATED (Number of Jobs)	102	104	109	114	118	124	127	127	128
RETAIL SALES GENERATED (Thousands of Dollars)	759.6	775.4	820.4	866.7	915.6	964.4	997.5	1,001.4	1,003.9
TAXES GENERATED IN THOUSANDS OF DOLLARS									
RETAIL SALES TAX	28.8	27.2	27.9	28.0	28.8	30.3	31.4	31.5	31.6
STATE INCOME TAX	25.9	25.1	29.0	29.1	37.1	39.1	40.4	40.6	40.7
STATE TOTAL	54.7	52.3	56.9	57.1	65.9	69.4	71.8	72.1	72.3
FEDERAL INCOME TAX	137.8	140.7	157.2	166.1	175.4	184.8	191.1	191.9	192.3

Similarly, new retail sales were estimated to be \$759,600 in 1978, increasing thereafter to \$915,600 in 1982, and eventually stabilizing at \$1,003,900 in 1986.

New revenue collections from the taxation of the sales and income generated by the Program were estimated to total \$54,700 in 1978, to increase to \$65,900 by 1982, and to stabilize at \$72,300 by 1986. Finally, federal tax collections were enhanced by an estimated \$137,800 in 1978, \$175,400 in 1982, and \$192,300 when the steady state is attained in 1986.

Some notes are in order concerning the appropriate interpretation of these figures. In particular, it should be reiterated that the 1983-96 estimates assume no changes in net income earned by the Program from the 1982 level. The changing estimates are due to the displacement effects. Also worth noting is that retail sales and tax collections are flow variables which can be summed over time to yield an aggregate total. For example, total new retail sales estimated for 1978-82 were \$4,137,700. The estimated total over the nine-year period from 1978-86 is \$8,104,900.

Similar aggregations for the tax variables are as follows:

	<u>1978-82</u>	<u>1978-86</u>
Kansas Retail Sales Tax	\$140,700	\$ 265,500
Kansas Income Tax	146,200	307,000
Total Kansas Tax	286,900	572,500
Federal Income Tax	777,200	\$1,537,300

Employment, conversely, is a stock variable which should not be aggregated across years because, from year-to-year, basically the same jobs are being counted. Thus, it is only appropriate to say that about 128 new jobs will have been created by the Program.

C. Net Economic Impacts of the Blind Vending Facilities Program in Kansas

It was estimated in Subsection A that \$8,916,000 in new net income was created by the Program from 1978-82. Total combined State and federal outlays to fund the Program over this period totaled \$1,077,606. Therefore, it is estimated that, overall, this Program yielded \$7,838,394 in benefits net of cost during the period. Two caveats must be made concerning this result, however. First, it is based upon the assumption that the blind workers did not contribute to the level of economic activity prior to the Program, and secondly, it incorporates on the cost side only the expenditures made on the Program from 1978-82. In the economic lexicon, there are marginal expenditures, and they do not incorporate the fixed and infrastructural costs which initially went into establishing the Program. From an economic perspective, however, these earlier costs are sunk costs and are not relevant for decision making. Hence, in judging the economic viability of the Program, only marginal costs should be considered.

The Program's specific impact on the state and federal budgets is detailed in Table 5. Costs to these governments from the Program are the annual training costs discussed above. These data were provided by the Kansas Services for the Blind and are listed in the top portion of Table 5 for each year from 1978-82. The benefits to government from the Program are the reduction and eventual elimination of transfer payments to those who work in the Program and the tax receipts from the income and sales generated by the Program.

The principal transfer payment to the blind comes from the federal government's social security fund. Although the blind also participate to some extent in other federal transfer programs, such as food stamps and Medicaid, as well as, perhaps, some state programs, no data were available to document participation levels, and, therefore, only the reduction in the social security.

Table 5

Net Effect on State and Federal Government Budgets

EXPENDITURES	1978	1979	1980	1981	1982
STATE	41,224	11,923	0	0	4,143
FEDERAL	119,472	257,788	253,018	206,431	183,607
REVENUE GENERATED					
STATE	54,700	52,300	56,900	57,100	65,900
FEDERAL	137,800	140,700	157,200	166,100	175,400
FEDERAL EXPENDITURES					
STATE	152,600	175,400	194,900	191,500	180,000
NET EFFECT ON STATE AND FEDERAL GOVT. BUDGETS					
STATE	13,476	40,377	56,900	57,100	61,757
FEDERAL	170,928	58,312	99,082	151,169	171,793

cost was calculated. The estimated annual savings in terms of this program are listed in Table 5.

Note that the effect on governmental budgets due to displaced workers does not have to be considered in the present context. This conclusion follows from the assumption that 1978 represented a steady state (previous displaced workers had already been reassimilated) and from the fact that participation levels in the Program have been nearly unchanged since 1978.

Finally, net tax revenue generated by the Program are also reproduced in Table 5. The net annual impact upon the federal budget is the increased tax revenues plus the reduced social security payment less the direct outlay to fund the Program. For the State, the estimated net budgetary effect is simply the tax revenues generated less the direct funding outlay.

Estimates of the annual net budgetary impact at the state and federal level are contained at the bottom of Table 5. Based upon the analysis presented in this study, the Program has a beneficial net impact upon both the federal and state budget for each of the years studied. The total savings from 1978-82 were estimated to be \$229,610 for the State of Kansas and \$651,284 for the federal government.

IV. Conclusion

As revealed in Table 5, the Blind Vending Facilities Program in Kansas manifests positive economic effects at every involved level of the state and federal governments. Indeed, the magnitude of those effects (or impacts) is eloquent testimony to the economic efficacy of the Program in terms of its return on cost and affords a striking illustration of how a public assistance program can be, as well, a program for public benefit. This conclusion is further affirmed by noting that the estimating methodology employed in this study was actually rather conservative. Thus, though the results are only estimates of value, they are moderate estimates and, quite possibly, underestimate the Program's actual contribution.

One final point - distinct from the study's contracted purpose - merits attention in this concluding section. That is, the host of intangible, non-pecuniary benefits arising from the Blind Vending Facilities Program. Foremost among them are the heightened public awareness of the contributions the handicapped can - and do - make to society, the heightened self-esteem of the handicapped engendered by their contributing role in society, and the inestimable value redounding to society at large when its less advantaged citizens are afforded their rights of full participation in the social and economic life of their state and country.

Admittedly, these effects cannot be quantified; yet the authors of this study contend that benefits of this kind contribute significantly to creating a social ethos that satisfies an absolutely necessary sense of public responsibility.

Kansas Association for the Blind and Visually Impaired, Inc.

March 5, 1987

TO: House Committee on Public Health and Welfare

FROM: Michael J. Byington, Registered Kansas Lobbyist

SUBJECT: HOUSE BILL 2504

Our organization rises in support of House Bill 2504. We are the largest and oldest all volunteer advocacy organization for the blind and visually impaired in the state of Kansas.

The Kansas Legislature and its many Committees are frequently presented with information concerning unemployment. When unemployment in a given rural or urban area hits 10%, lawmakers from the area scream with concern and take decisive actions to change the situation. Think now about unemployment of the blind and legally blind working age adult. That figure ranges from 66% to 70% according to materials provided by the President's Committee on Employment of the Handicapped and the American Council of the Blind.

Under most circumstances, if a lobbyist came to you and told you there was a program which could prevent unemployment of the blind and legally blind, and told you that that program is of no costs the tax payers, but rather strengthens the general economy of the state, you would categorize the allegation right up there with ocean front property in Kansas. In this case, however, the claim is true; such a program exists.

The Randolph-Sheppard Act was adopted by the United States Congress during the Roosevelt Administration. It provided for blind and legally blind individuals to be trained as restaurant and concession managers, and to then have priority to manage such facilities located in federal facilities. The program was so successful, that all states soon followed with their own little Randolph-Sheppard acts providing for similar training of the blind in order for them to also manage cafeterias and concession stands in state, county and city buildings. The Kansas Little Randolph-Sheppard Act is K.S.A. 75-3337 et seq. It has served Kansas well over the past several years and currently there are 28 vending facilities in the state operated by blind managers trained and licensed by the Kansas Division of Services for the Blind. These food service establishments are located not only in federal, state, county, and city buildings, but also, the program offers such expertly managed food service establishments, several privately owned factories and office buildings feature cafes managed by blind vendors trained and supervised by the Kansas Division of Services for the Blind. A 29th location is to open soon. The closest Randolph-Sheppard cafe facility to all of you is located in this building with outlets on the first and third floors. Other facilities in the state range from locations featuring a total vending machine operation to full

*PAHed
Attn #4
3-5-87*

service cafeterias.

Now these facilities do not cost the tax payer anything. The blind vendors are independent businesspersons whose incomes are based on their promotional and management skills. All that is provided to them by the State is management training, equipment, and monitoring; the law provides for the space to be made available to the blind vendor, but none of the items just mentioned come to the vendor free. Each blind vending facility manager pays a fee for training, monitoring, equipment, and space called an assessment. This is paid to the Division of Services for the Blind and is used to keep the program self-supporting. The assessment is a business expense just as any other businessperson would have.

Without this program, there are somewhere around 28 blind or legally blind individuals who would not be working. Given the unemployment statistic with reference to the blind, it can be assumed that these individuals probably would not be able to find other employment. They would then be a draw on the tax payers rather than be tax payers themselves. Now none of the Kansas vendors are getting rich from their labors. The incomes of the managers vary, but most blind vendors work hard and thereby produce a middle-class income. They pay taxes on this income just as does everyone else.

The existence of the currently 28 Randolph-Sheppard vending facilities managed by blind people does not just benefit the managers with employment. Many of the facilities are large enough to warrant several employees under the supervision of the blind manager. Thus, over 75 other individuals, as well as the blind managers, are employed through the program.

House Bill 2504 simply updates the Kansas Little Randolph-Sheppard Act to make it consistent with the current federal Randolph-Sheppard Act. It will thus open more opportunities for the employment of the blind in the restaurant management field as well as employment opportunities for other Kansans working in the resulting facilities. All of this can occur with no fiscal note except for a positive one as the Kansas economy is assisted. Please act favorably on this bill.

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Statement Regarding House Bill No. 2527

March 5, 1987

Purpose

The intent of this bill is twofold. First, it promotes the development of community education programs regarding alternative services which may be available which would allow a person to remain in their own home or community, and to delay or prevent admission into an adult care home. Secondly, it requests a hospital to notify the Department of Social and Rehabilitation Services within 48 hours prior to discharge from a hospital. The department will cause the patient to be interviewed for purposes of determining the appropriate level of care and whether the person is eligible for medical assistance.

Background

This legislation addresses to some degree the issue raised in House Bill 2096 which was considered earlier in the session. The department feels that interviewing persons upon discharge will prevent some of the inappropriate placements in adult care homes. A concern is the appropriation necessary to implement the bill as written could be as high as \$1.1 million.

The Kansas Hospital Association has indicated that 22,028 patients are discharged annually to an adult care home. This figure must be a duplicated count. It seems unnecessary to interview an individual who was admitted to the hospital from an adult care home to be re-interviewed. If this policy was adopted, it could reduce considerably the fiscal note. However we have been unable to get an estimate of the actual number of persons who would need to be evaluated.

SRS' Recommendation

SRS supports the concepts outlined in this legislation, that being education and determination of appropriateness of care.

Robert C. Harder, Secretary
Office of the Secretary
Social and Rehabilitation Services
913-296-3271

*Attn
#5
3-5-87
P.H.W.*

Fiscal Impact: House Bill 2527
March 5, 1987

We have performed a fiscal impact analysis related to screening residents discharged from hospitals who need long term care services. The cost estimates are on the high side. The following is a summary of the fiscal impact.

Using current procedures--using an SRS social worker and contracting with a nurse--the cost would be as follows:

Nurse Screening

22,028 patients x \$34.92 (maximum allowed) = \$769,218

Social Worker Screening

17 Area SRS Offices x \$17,904 (Social Worker I) = \$304,368
Add: 12% benefits 36,524

Subtotal Social Workers \$340,892

Total Cost \$1,110,110

We used the number of hospital patients discharged to long term care facilities in 1985. A Social Worker I was added to each of the SRS area offices to handle the extra client load. Again, these are rough figures, but hopefully they will give you something to work with.

The procedure stated in the bill would allow the Secretary to contract with a hospital (for example, to do the screening). If the hospital had their own social worker, then it is quite possible the cost would be greatly reduced by the hospital by using a nurse and social worker already on staff. Some hospitals already use the Barthel Scale and instrument developed by the University of Kansas Gerontology Center as part of their discharge planning, so it may be difficult to determine if SRS would be paying for services that they are already providing.

Submitted:
Office of the Commissioner
SRS Adult Services
913-296-4300



The Organization of
Nonprofit Homes and
Services for the Elderly

Kansas Association of Homes for the Aging
One Townsite Plaza
Fifth and Kansas Avenue
Topeka, Kansas 66603

913-233-7443

TESTIMONY BEFORE THE HOUSE
PUBLIC HEALTH AND WELFARE COMMITTEE
VICE CHAIRMAN, FRANK BUEHLER

March 5, 1987

RE: House Bill No. 2527

Presented by John Grace, Executive Director of the Kansas Association of Homes for the Aging; a nonprofit organization, representing the church, governmental, and community sponsored homes, housing and services for the elderly of Kansas.

Thank you Mr. Chairman and Good Afternoon members of the committee.

We support House Bill No. 2527

In our earlier testimony on House Bill 2096 we had suggested a program of education and information for older persons and their families would be an appropriate role for the state. We note that House Bill 2527 would require such a program.

In line 41 we would prefer to see a word (counseled) substituted for the word interviewed. Our point here is to protect a persons right to privacy.

Thank you, Mr. Chairman and members of the committee.

*PXW
Attn #6
3-5-87*

TESTIMONY ON H.B. 2527
TO
HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE
BY
KANSAS DEPARTMENT ON AGING
MARCH 5, 1987

Bill Summary:

Imposes certain antecedent conditions upon admission to certain adult care homes from hospitals.

Bill Brief:

1. Requires the secretary of aging to promote community education programs about home and community based long term care services.
2. Requires the secretary of aging to encourage area agencies on aging to undertake community education programs as specified in #1.
3. Requires medical care facilities to notify the secretary of social and rehabilitation services at least 48 hours prior to the discharge of a patient to an intermediate nursing care home.
4. Requires social and rehabilitation services to interview potential admitees to determine if need for intermediate nursing care is present, determine if eligibility for medical assistance exists, and to inform the patient of alternative services.
5. Allows SRS to contract with medical care facilities to perform such interviews and to provide such information.

Bill Testimony:

KDOA supports the concept of evaluating all applicants for admission to intermediate nursing care homes or skilled nursing homes as to their need for institutional long term care. Such evaluations will result in better informed decisions by consumers, will assist providers in developing appropriate plans of care, and will likely result in a long term cost savings to the State.

Kansas Policy Choices, the report of the Special Commission on a Public Agenda for Kansas, favorably discussed the review of all admissions to nursing homes. This report showed that Older Kansans' utilization of nursing homes was significantly higher than the national average. Evaluating all adult care home applicants' need for such care can help reduce this over-utilization.

*Attn. # 7
P.H.W.
3-5-7*

The Department on Aging's primary concern with H.B. 2527 is that it only applies to hospital discharges. The experience of SRS' Home and Community Based Services Program has been that relatively few hospital discharges are successfully diverted to non-institutional long term care. The main potential to realize savings from diversion lies with community applicants for adult care home admission.

Inappropriate institutionalization of private pay applicants for adult care home placement results in additional expenditures of federal and state Medicaid funds due to the relatively rapid conversion of private pay residents to public pay status. It also contributes to the impoverishment of Older Kansans due to the generally higher cost of institutional long-term care.

A secondary concern with H.B. 2527 is that it appears to require the interviewing of all hospital discharges to adult care homes, even those who were admitted to the hospital from an adult care home for short term medical care procedures.

Recommended Action:

KDOA would support a bill with more potential for cost savings to the State that would result from an assessment process that would divert the community applicants from unnecessary admission to adult care homes.

GAD:mj



DATE: March 5, 1987
TO: House Committee on Public Health and Welfare
SUBJECT: House Bill Number 2527 -- Encouraging Individuals prior to Admission to Adult Care Homes to Seek Information about Alternative Services Available.
FROM: Dick Hummel, Executive Director
Kansas Health Care Association

Vice-Chairman Buehler and Members:

The Kansas Health Care Association, the state's largest organization of proprietary and not-for-profit adult care homes, must relay its opposition to H.B. 2527.

While supporting public education of the elderly of alternate services available in the community as described in paragraph one, we are concerned about paragraph two's authority for the Department of SRS to become involved in the lives and personal finances of the general public.

We also believe that the interviewing of patients prior to discharge by hospitals is already being done as an accepted practice and isn't necessary in statute.

To close, we respect the bill's primary purpose of encouraging the Department of Aging and Area Agencies on Aging to continue and expand their community education programs. This charge to them could be drafted into a resolution for consideration by the entire Legislature.

However, because of the implications, costs, and procedural technicalities of Section 2, we are opposed to H.B. 2527.

Thank you for this opportunity.

*PHW
3-5-87
attn # 8*

"We Care"



Kansans for Improvement of Nursing Homes, Inc.

913 Tennessee, suite 2 Lawrence, Kansas 66044 (913) 842 3088

TESTIMONY PRESENTED TO
THE HOUSE PUBLIC HEALTH AND WELFARE COMMITTEE
CONCERNING HB 2527

March 4, 1987

Mr. Chairman and Members of the Committee:

KINH remains supportive of the concept of assuring that applicants for admission to nursing homes be provided all the information they need to make a rational choice among long-term care options available to them in the community. That would include both nursing home care and alternative long-term care services which might enable the individual to remain in his or her own home. Applicants also need to know at the outset what the consequences may be for them if they are admitted to a nursing home as private patients and must later apply for medical assistance.

Sec. 1 which provides that the secretary of aging promote community education encouraging persons facing nursing home placement to seek out the necessary information seems simple enough. Quite possibly it is within the current capability of area agencies on aging, without additional funding, as an expanded part of their information services.

Sec. 2 is less straightforward and appears to carry with it a forbidding fiscal note, depending upon the nature of the "interview" referred to. If the interview includes anything as complex or costly as the regular pre-admission screening instrument now used by SRS to determine medicaid eligibility, it would not appear that the state could assume that cost.

KINH suggests that SRS be directed to work with hospital social workers and discharge planners to develop a simple system for utilizing the normal functions of discharge planners and SRS local offices to accomplish the fundamental goal of HB 2527, which is to provide appropriate and timely information on which to base long-term care plans.

*P.H.W.
3-5-87
Attm # 9*



Donald A. Wilson
President

STATEMENT OF THE KANSAS HOSPITAL ASSOCIATION

Regarding

HOUSE BILL 2527

March 5, 1987

The Kansas Hospital Association appreciates the opportunity to comment on House Bill 2527 regarding services available as an alternative to nursing home admission.

Section 1 of House Bill 2527 encourages the Secretary of Aging and area agencies on aging to promote community education programs that provide individuals with the information necessary to make an informed decision. KHA agrees that educational efforts are the most important ingredient in working toward the goal of decreasing the amount of unnecessary institutional care. This is a commendable goal, whether it involves institutional care in hospitals or nursing homes.

Section 2 of H.B. 2527 provides for a pre-discharge interview of every patient to be transferred from a medical care facility to a nursing home regarding three factors:

- 1) whether nursing home care is needed;
- 2) whether the person is eligible for state medical assistance; and
- 3) what alternative services are available to the person.

Our concern with this section is that it may add another layer of regulation to an area presently governed by federal regulations. Last fall, new Medicare regulations were adopted requiring hospitals to have effective, ongoing "discharge planning" programs that facilitate the provision of follow-up care. Discharge planning must be done in a timely manner and must provide for transferral of patients to appropriate facilities whether that be home health, outpatient services or nursing home care. We feel Section 2 may be somewhat duplicative of these new federal requirements.

Thank you for the opportunity to present these comments.

TLB:bc

*PHW
attm #10
3-5-87*

TESTIMONY ON HB 2527
KANSAS COALITION ON AGING
HOUSE PUBLIC HEALTH & WELFARE
MARCH 5, 1987

My name is Mark Intermill. I am the Executive Director of the Kansas Coalition on Aging. The Kansas Coalition on Aging supports the establishment of a comprehensive and coordinated community long term care system. We believe that implementation of a system of community care will pose a cost-effective alternative to the current system which is biased toward institutional care. More importantly, it will provide older persons who need long term care with choices in determining how such care is provided.

HB 2527 addresses the issue of discharge planning. With the advent of the use of the diagnosis-related group method of reimbursement of hospitals by Medicare, there has been a fear that older patients are being discharged from a hospital before they should be. A study in Missouri found that approximately 1% of a sample of Medicare beneficiaries discharged from Missouri hospitals were discharged prematurely. Nursing home administrators have commented that since the implementation of the DRG reimbursement system, they are getting hospital discharges "quicker and sicker". The U.S. Senate Special Committee on Aging found that nursing homes and home health agencies have seen a 40% increase in the number of patients sent to them by hospitals. In the year following the start of DRG, the average length of stay for hospitals dropped from 9.9 days to 7.4 days.

An accompanying problem is the propensity of hospitals to discharge patients into nursing homes unnecessarily, often for reasons related to expediency. As nursing homes are called upon to provide care to persons who are seriously ill, it becomes imperative to provide home care for those who can be cared for in that setting, in order to assure the availability of nursing home beds for those who need them the most.

In order to have an efficient service delivery system, we must have a mechanism which will assure that people who need long term care are provided a level of care that is appropriate to their needs. Placement of a person who could effectively utilize community services in a nursing home will result in unnecessarily high long term care expenditures. On the other hand, keeping a person at home who should be in a nursing home could result in an episode of acute illness, which would result in additional costs. The process described in Section 2 of the bill will help to assure that an appropriate level of care is provided to those who would be served under the act.

In summary, we believe that Kansas must develop a long term care system that utilizes resources optimally. We need to have a range of services that are adequately funded and appropriately utilized. We believe implementation of this bill would be a step toward achieving this goal. KCOA supports passage of HB 2527.

*attm #1
3-5-87
PHW*

TESTIMONY ON HB 2527
NADINE BURCH
HOUSE PUBLIC HEALTH & WELFARE
MARCH 5, 1987

My name is Nadine Burch. In 1985 I had gall bladder surgery. The surgery resulted in a wound infection. The infection was of the type that the wound could not be closed because of the infection. Four days following the surgery, the surgeon came to my room on a Friday morning and stated that the peer review board had met and decided that my stay in the hospital should be terminated. I was very ill and weak at the time. I contacted my daughter and told her what the surgeon had said. She told me that she had to work the whole weekend, so that there would be nobody to help me at home. I asked that the discharge planner, a nurse at the hospital, to visit me. Since it was a Friday, there was nothing the discharge planner could do to assist me with home services. The surgeon came back for a return visit and informed me that they could place me at Hillhaven until we were able to find other arrangements. I refused to accept this solution, and informed the hospital authorities that I would not go to a nursing home. The hospital agreed to let me stay through the weekend. On Monday we were able to arrange the necessary services.

My experience in aging services and my assertiveness allowed me to avoid nursing home placement. However for many older persons there is a reluctance to question the judgement of the doctors and hospitals. Also, since many people do not know about services that are available, they would not know that there are alternatives. As in-home services become more prevalent, the assessment of the needs of persons who are about to be admitted to a nursing home becomes more important.

This bill would address the situation that I found myself in. It would assure that people who are about to be discharged from a hospital into a nursing home would know what options were available to them. I support HB 2527.

3-5-87
Cotton #12
P.H.S.