

Approved 4-26-88
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntin at
Chairperson

12:30 ~~xxx~~/p.m. on March 30, 1988 in room 514-S of the Capitol.

All members were present except: Representatives Ott, Williams, Wisdom, Heinemann, Solbach, and King (excused)

Committee staff present: Diane Duffy, Ellen Piekalkiewicz, Robin Hunn
Legislative Research
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

The Chairman turned to final action on bills previously heard.

HB 3096 regarding the Indigents' Defense Services was heard in Committee on March 29, 1988. Representative Shriver moved to recommend HB 3096 favorably for passage. Seconded by Representative Chronister. Motion carried.

HB 2855 is a proposal by Representative Freeman adding a district judge position in Coffey County. Representative Chronister moved to recommend HB 2855 favorably for passage. Seconded by Representative Dyck. Motion carried.

Regarding HB 3005 on architects' maximum fees heard in Committee on March 7, 1988, Representative Miller proposed to amend the bill by striking everything and increasing the thresholds now in the statute on project cost by 50 percent. A copy of Substitute for HB 3005 incorporating these amendments is included (Attachment 1). Representative Miller stated he did not feel doing away with a fee schedule was desirable, but noted that the thresholds have not been adjusted since 1974. Representative Miller moved that HB 3005 be amended by the adoption of a substitute bill increasing by 50 percent the thresholds on which fees will be computed. Seconded by Representative Teagarden. Representative Vancrum expressed concern that having a published fee schedule inhibits negotiations by the state with architects and this amendment does not address that problem. On a vote on Representative Miller's amendment creating Substitute for HB 3005, motion carried.

Representative Turnquist suggested that the state negotiate with all three approved architects on a given project rather than selecting one of the three and negotiating a fee. He feels this would aid in containing costs. Representative Chronister moved that HB 3005, as amended as a substitute bill, be recommended favorably for passage. Seconded by Representative Miller. Motion carried.

SB 545 - Appropriations for FY 89, mental health and retardation institutions and youth centers.

The Committee will take up the subcommittee reports on the mental health institutions at this meeting. Representative Hoy reviewed the subcommittee's systemwide observations and recommendations (Attachment 2). The Senate systemwide recommendations are included in attachment 2.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S Statehouse, at 12:30 ~~am~~/p.m. on March 30, 1988

LARNED STATE HOSPITAL

The Subcommittee concurs with the Senate for FY 1988 and FY 1989 with an adjustment (Attachment 3). Representative Turnquist moved adoption of the FY 1988 and FY 1989 subcommittee reports. Seconded by Representative Hoy. Motion carried.

OSAWATOMIE STATE HOSPITAL

The Subcommittee concurs with the Senate for FY 1988 and FY 1989 with adjustments noted in the reports (Attachment 4). Representative Hoy moved adoption of the subcommittee reports. Seconded by Representative Turnquist. Motion carried.

RAINBOW MENTAL HEALTH FACILITY

The House Subcommittee concurs with the Senate with adjustments for FY 1988 and FY 1989 (Attachment 5). Representative Turnquist moved adoption of the FY 1988 and FY 1989 subcommittee reports. Seconded by Representative Hoy. Motion carried.

TOPEKA STATE HOSPITAL

The Subcommittee concurs with the Senate for FY 1988 and FY 1989 with adjustments (Attachment 6). Representative Hoy moved adoption of the FY 1988 and FY 1989 subcommittee reports. Seconded by Representative Turnquist. Motion carried.

During discussion of the systemwide recommendations, the Subcommittee noted they have addressed the problems cited by HCFA in previous inspections, but the key to certification is a controlled census. The state needs to deal with the problem that admissions come from a variety of referral sources acting independently. The Subcommittee noted this would be discussed by a Task Force being assembled after the session to develop a comprehensive plan for implementation of the Rapp proposal.

Representative Helgerson moved adoption of the House subcommittee systemwide recommendations for FY 1989. Seconded by Representative Hoy. Motion carried.

The meeting was adjourned at 1:15 p.m.

Substitute for HOUSE BILL NO. 3005

By Committee on Appropriations

AN ACT concerning architectural services for capital improvement projects for state agencies; amending K.S.A. 1987 Supp. 75-1263 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1987 Supp. 75-1263 is hereby amended to read as follows: 75-1263. (a) Except as otherwise provided in subsection (c), fees paid to firms employed as project architect to provide architectural services shall not exceed the following:

(1) When the firm provides preliminary design services, construction documents, bidding services and the construction administration services specified in K.S.A. 75-1260 and amendments thereto the maximum shall be: Seven percent of that portion of the estimated cost of the project not exceeding ~~\$1,000,000~~ \$1,500,000; 6.25% of that portion of the estimated cost of the project exceeding ~~\$1,000,000~~ \$1,500,000 but not exceeding ~~\$2,000,000~~ \$3,000,000; 5.5% of that portion of the estimated cost of the project exceeding ~~\$2,000,000~~ \$3,000,000 but not exceeding ~~\$3,000,000~~ \$4,500,000. The fees to be paid for any project for which the estimate of cost exceeds ~~\$3,000,000~~ \$4,500,000 shall be negotiated between the firm selected and the negotiating committee, but shall not exceed 5% on that portion of the estimated cost of the project exceeding ~~\$3,000,000~~ \$4,500,000.

(2) When a prior project architect, the secretary of administration or any agency architect as provided in K.S.A. 75-1254 and amendments thereto provides preliminary design services and the project architect provides construction documents, bidding services and construction administration

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services, the maximum established under subsection (a)(1) shall be reduced by 25%.

(3) When a prior project architect, the secretary of administration or an agency architect as provided in K.S.A. 75-1254 and amendments thereto provides preliminary design services, bidding services and construction administration services, the maximum established under subsection (a)(1) shall be reduced by 45%.

(b) If the proposed project includes remodeling of existing construction, a fee of not to exceed 4% of that part of the estimated cost of the project which is designated as remodeling may be added to the fees otherwise authorized under this section.

(c) For purposes of computing the project architect's maximum fees, the estimated cost of the project shall be that provided in the original program cost estimate for the project. The estimated cost of the project shall not be reduced or increased without the prior approval of the negotiating committee which approved the project description under K.S.A. 75-1255 and amendments thereto. The project architect's maximum fee shall not be reduced or increased except that the project architect may be paid additional fees as a result of change orders initiated by the state or for additional services which are the result of changes in the scope or program of the project or construction circumstances beyond the control of the project architect or the state. Any increase in the fees paid to a project architect above the previously established maximum for the project shall receive the prior approval of the negotiating committee which approved the project description under K.S.A. 75-1255 and amendments thereto.

(d) Fees of project architects shall be paid from appropriations for the particular project for which the project architect is employed and in no case shall the amount appropriated for a project be exceeded for any increase in a project architect's fees. The secretary of administration shall

report to the joint committee on state building construction all actions relating to any increase under subsection (c) in the fees paid to a project architect above the previously established maximum for the project.

Sec. 2. K.S.A. 1987 Supp. 75-1263 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

SUBCOMMITTEE REPORT

The Subcommittee concurs with the systemwide recommendations of the Senate (see attached systemwide report) and adds the following systemwide observations and recommendations:

1. The Subcommittee reminds the 1988 Legislature that over the last 11 years, no less than seven interim studies have reviewed the state mental health hospitals and the local community mental health programs. They have all recommended the concept of moving clients out of the institutions and into less restrictive environments. In fact, this Subcommittee in the 1987 Subcommittee Report recommended the following:

This Subcommittee requests that the Division of Mental Health and Retardation Services in concert with the local Community Mental Health Centers, draft a plan to develop programs to decrease the hospital census. This should be presented to the House Appropriations Committee and Senate Ways and Means Committee no later than January 12, 1988.

Despite this direction from the Legislature, population levels at the state hospitals have not declined and no comprehensive proposal for treating persons in the community has been presented to the Legislature. Unfortunately, Kansas mental health hospitals are now struggling to comply with federal Health Care Financing Administration (HCFA) standards to continue to receive federal funds. In response to HCFA surveys at the three large state hospitals (Larned, Osawatomie, and Topeka), for FY 1988 the Kansas Legislature has authorized a total of 60 Registered Nurse (RN) positions and an additional 16 are pending final legislative approval (annualized estimated cost of 1.9 million). In addition, it is anticipated that the loss of federal revenue in FY 1988 at Larned and Topeka will total an estimated 1.4 million.

This Subcommittee firmly believes that it is quite possible that the loss of federal funds and increased staffing costs may have been avoided if plans to downsize the state hospitals and enhance community resources had been developed and implemented. Further, the Subcommittee believes that this would have required the transfer of funds from the MH hospitals to the community.

2. The Subcommittee emphasizes the need for developing mechanisms for controlling entry and exit from state hospitals to control the census at the state hospitals. The Subcommittee believes that reducing the census of the three large state hospitals is directly related to regaining HCFA certification at Larned and Topeka and maintaining certification at Osawatomie. The Subcommittee concurs with the Senate's assessment that the temporary admission policy implemented at Osawatomie significantly reduced the

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hospital's census for HCFA's revisit and was critical in the hospital's retaining certification. However, the Subcommittee was informed that although the policy is still in place, Osawatomie's admissions are rising and the hospital is again over census. The Subcommittee notes that it appears that a restrictive admission policy may temporarily reduce a hospital's census, but eventually the various referral sources (i.e., community mental health centers, judges, private hospitals, private practitioners etc.) find ways to get individuals admitted to the hospital. In addition, this Subcommittee is concerned and questions whether persons diverted from hospitalization due to the restrictive admission policy actually receive services. The Subcommittee believes that if state hospital census is to be permanently reduced, then the Community Mental Health Centers must be the only point of entry into the state hospitals and community resources, along with state and federal funds must be developed to insure that services are provided to persons in the community.

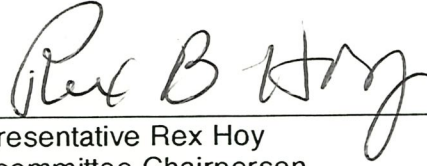
3. The Subcommittee believes that the success of our state mental health hospitals is directly linked with the success of the local mental health programs. The Subcommittee toured community programs in Johnson, Wyandotte, Sedgwick and Shawnee counties. The Subcommittee toured various community programs including community mental health centers (CMHCs), Intermediate Care Facilities for the Mentally Ill (ICF-MH), group homes, psycho-social club houses, temporary shelters, etc. The Subcommittee regrets that because of the limited time we were not able to visit more counties, but selected these because: (1) generally the chronically mentally ill tend to settle in urban areas where services are more likely to be available and (2) we wanted to compare the services offered by communities of similar size.

The Subcommittee concludes that community programs for the chronically mentally ill and relationships with state mental health hospitals are in various stages of development. In regard to relationships with state hospitals, CMHC involvement ranged from being practically non-existent to mental health center employees actively working in the state hospitals to move patients into the community. The community programs varied from a very comprehensive set of coordinated services for the chronically mentally ill to a very disjointed, uncoordinated set of services.


The Subcommittee recommends that future funding to community mental health centers be targeted to assure that CMHC's work diligently to reduce state hospital census and to provide a prescribed comprehensive set of coordinated services for the chronically mentally ill. The Subcommittee is supportive of the basic principles of Dr. Rapp's plan, "Toward an Agenda for Mental Health," and stresses the need for a comprehensive, detailed plan for implementation to be considered by the 1989 Legislature. The Subcommittee endorses the Senate's recommendation for the formulation of a task force to develop a comprehensive plan for implementation of the Rapp proposal.

4. The Subcommittee reviewed the issues surrounding the job rate study and salary upgrade of direct care staff at the mental health hospitals. The Subcommittee supports funding for Phase III, as it relates to direct care staff, and believes that such funding would improve the quality of care for patients in the mental health hospitals.
5. The Subcommittee learned during a briefing concerning Topeka State Hospital's decertification that SRS had put a team together from the other state hospitals to review HCFA's assessment of Topeka State Hospital and to make recommendations for correction. The Subcommittee believes that this is an important tool and supports the Division of Mental Health and Retardation Services efforts to use peer review teams. The Subcommittee particularly supports the use of peer review teams prior to federal inspections to assist the hospitals in preparation for federal surveyors. During Subcommittee hearings, the Secretary of SRS stated that the peer review teams would be implemented as a permanent and ongoing process.
6. After hearings with the MH hospital superintendents and the Commissioner of Mental Health and Retardation Services, it is clear to the Subcommittee that the criteria used by HCFA to determine if a hospital is in compliance with certification standards are subjective and unpredictable. Although HCFA will not advise the hospitals as to the number of RNs necessary to be in compliance, the Superintendents report that recently individual surveyors have indicated that RNs should be assigned based on patient acuity. Dr. Burdzig, Topeka State Hospital, reported that as part of the hospitals plan to regain certification the hospital has implemented a daily acuity plan. That is, at the end of every shift each patient will be reviewed by an RN to determine the patient's acuity. RNs for the next shift will be assigned based on the acuity levels of the patients on the various wards. The Subcommittee directs the Division to explore the feasibility of implementing a patient acuity classification system in each of the MH hospitals.
7. The Subcommittee held a hearing on the administration and financing of the education programs at SRS institutions. The Subcommittee received testimony from representatives of SRS, Kansas Neurological Institute, Topeka State Hospital, the Youth Center at Topeka the Department of Education, and the Southeast Kansas Education Service Center (Interlocal 609). At the hearing, the Subcommittee considered several alternative to the present system of contracting with individual school districts, including the following: (1) a state special school district; (2) the mental health hospitals contract with one single school district; and (3) the mental health hospitals contract with Southeast Kansas Education Service Center as do the mental retardation institutions.

Although the Subcommittee finds that the current system is functioning adequately, the Subcommittee concludes that a standardized contract would provide uniformity throughout the system and recommends that SRS explore the possibility of implementing a standardized contract.



Representative Rex Hoy
Subcommittee Chairperson



Representative Henry Helgerson



Representative Larry Turnquist

SUBCOMMITTEE REPORT

The Subcommittee makes the following systemwide observations and recommendations:

1. The Subcommittee believes that the era of large state hospitals is rapidly coming to an end. As evidence of this, the Subcommittee cites reports of the federal government, actions of federal surveying agencies, and experiences of our own state hospitals.

In April, 1985, the U.S. Senate Subcommittee on the Handicapped held hearings concerning the results of a six-month investigation of state mental health hospitals in 12 states (Kansas was not included). Senator Weicker's report described patient, staff abuse, and injury; poor living conditions in the patient areas; violations in safeguarding patients' rights; lack of adequate treatment; overuse of seclusion; criticism of the accreditation and certification processes conducted by the Joint Commission on Accreditation of Hospitals (JCAH) and the Health Care Financing Administration (HCFA) and the role of the Department of Justice in monitoring conditions as related to constitutional and federal statutory requirements.

The Subcommittee reminds the 1988 Legislature that a 1985 Interim study concluded as follows:

It is possible more aggressive federal regulators will visit the mental health institutions in the near future, providing additional incentive to move clients out of the institutions and into less restrictive environments. The Committee therefore believes the state should plan for movement of those clients now, rather than wait and be placed in the position of responding to federal surveys as has occurred at the mental retardation institutions.

Despite this direction from the Legislature, population levels at the state hospitals have not declined and no comprehensive proposal for treating persons in the community has been developed. Unfortunately, Kansas mental health institutions are now in the position of responding to federal surveys. On March 4, 5, 6, 1987 Larned was surveyed and the hospital was found out of compliance with respect to the number of RNs at the hospital. On August 28-29, the surveyors revisited and found that the hospital continued to be out of compliance despite the addition of seven RN positions. Larned received notification that the hospital would be decertified as of October 30, 1987, and therefore would lose all federal Medicare and Medicaid funds (projected loss of \$1,099,282 for the remainder of FY 1988). In an attempt to get the units of the hospital which generate the majority of Medicare/Medicaid funds certified the hospital shifted 13 RNs from other areas to four units (i.e., children, adolescent, admissions, and adult I). HCFA returned to Larned in October for a special revisit and certified the four units as a "distinct part" of the hospital in which Medicare/Medicaid participation would continue. Despite the certification of the "distinct part," projected shortfall in receipts are anticipated to be \$750,000.

On July 27-29, Osawatomie State Hospital was surveyed by HCFA and was found out of compliance with respect to the number of registered nurses and physicians. The hospital filled the physician positions which were vacant at the time of the survey and added nine RNs by leaving vacant nine other positions

from various classifications. Perhaps most notably, the hospital implemented a restrictive admission policy. When Medicare revisited in October, Osawatomie had significantly reduced the census and employed the additional nine RNs. HCFA found the hospital in compliance and eligible to receive federal Medicare/Medicaid.

In response to these certification problems at Larned and Osawatomie, in January, 1988, the Finance Council authorized 30 additional RNs for Larned and 20 RNs for Osawatomie. Although Topeka State Hospital passed the HCFA survey, the hospital was found in "marginal compliance." Topeka's FY 1989 budget request includes 16 RN IIs in response to the HCFA survey. The Subcommittee notes that Rainbow Mental Health Facility, a relatively small facility, which provides short-term (average length of stay is less than ten days) acute psychiatric treatment was also surveyed by JCAH and HCFA in FY 1987 and received full accreditation and certification. The hospital received a three-year accreditation with no contingencies and no focus survey between regular surveys and was found in full compliance with the HCFA survey. The surveyors were generally very positive about the type of program at Rainbow.

The Subcommittee notes that no plans were presented to the Legislature by SRS to avoid this crisis in the three large state mental health hospitals, even though the direction of the federal government as expressed through surveyors in regard to large state mental hospitals is clear. It is quite possible that the loss of federal funds and increased staffing costs could have been avoided if plans to downsize the state hospitals and enhance community resources had been developed and implemented.

As mentioned previously, Osawatomie State Hospital was successful in reducing its census as a result of pressure to increase the ratio of RNs to patients to avoid HCFA decertification (during the initial survey the census was 379 compared to 328 at the time of the survey revisit). In summary, the temporary admission policy: (1) limited voluntary admission to only those individuals who posed a life threatening situation; (2) limited substance abuse admissions to counties in the Osawatomie State Hospital catchment area; and (3) strongly encouraged the use of local medical and mental health resources for emergency evaluations and protective custody services. The Subcommittee believes that the experience of Osawatomie State Hospital in reducing its census by implementing a temporary, restrictive admission policy supports conclusions in the Rapp report and the ability of adequately funded community-based facilities to deal with these populations.

The Subcommittee directs the Division of Mental Health and Retardation Services to review whether the restrictive admission policy at Osawatomie should be made permanent and whether a similar policy should be implemented at Topeka and Larned. The Subcommittee directs SRS to respond to the House and Senate Subcommittees on the policy considerations in implementing such a policy. The Subcommittee notes that the Superintendent at Osawatomie was very positive and reported few problems as a result of the restricted admission policy. The Subcommittee recognizes that it may have been easier for Osawatomie to accomplish this because of the number of private psychiatric beds in the Kansas City area, the existence of Rainbow and a relatively well developed community support program in Johnson and Wyandotte counties. The Subcommittee emphasizes the need for developing mechanisms for controlling entry and exit from state hospitals while at the same time strengthening community support programs

across the state. The Subcommittee wishes to emphasize that in order for Osawatomie to maintain the lower census and retain certification, it is critical that private and public community mental health resources are developed.

The Subcommittee concludes that future mental health funding must be targeted to reduce the burdens of the state hospitals by serving more of the chronically mentally ill in the community. The Subcommittee held hearings on a report prepared by Charles Rapp, Ph.D., University of Kansas School of Social Welfare, entitled "Towards an Agenda for Mental Health." The report outlines a comprehensive plan for mental health services in Kansas. The Subcommittee believes that the report has a great deal of merit and is a tremendous resource for the state of Kansas. The Subcommittee notes that in a public hearing, the Secretary of SRS, the hospital superintendents, and a representative of the Community Mental Health Centers were basically supportive of the goals in the Rapp plan, but feel that comprehensive planning, which would specifically outline the details, is necessary to achieve the desired goals.

The Subcommittee directs the Secretary of SRS to select members for a task force responsible for preparing a detailed report to outline the implementation of the Rapp plan. The Subcommittee requests the Secretary to report to the Senate and House Subcommittees on the list of persons selected for the Task Force, the proposed agenda, and a timetable for meeting. The Subcommittee notes that the Task Force should be prepared to present a detailed written plan to implement the recommendations of the Rapp plan in time for consideration in the Governor's FY 1990 budget, but in no case later than the start of the 1989 Session.

Based on the lack of a specific administrative plan for implementation, the Subcommittee reluctantly concurs with the majority of conferees that it would be disruptive to attempt to significantly reduce the census of the hospitals by reducing beds in FY 1989. The Subcommittee stresses the importance of a comprehensive, detailed plan for implementation and reiterates that this plan must include policy options for consideration by the 1989 Legislature.

2. The Subcommittee reviewed the issues surrounding the job rate study and salary upgrade of direct care staff at the mental health hospitals. The hospital superintendents were extremely concerned and several mentioned this as a high priority. The Subcommittee notes that the Governor's recommendations for FY 1988 and FY 1989 included a salary upgrade for registered nurses and certain other therapists. It was brought to the attention of the Subcommittee that morale among direct care staff is very low and that direct care staff do not feel that the work they perform is valued. They cite as an example that an Animal Caretaker I is range 10 and an Animal Caretaker II is range 13, while a Health Service Worker is range 7 and a Psychiatric Aid is range 9. The Subcommittee learned of relatively high turnover rates among direct care staff and that this problem has intensified with the presence of the Department of Corrections on the hospital campuses. In fact, it was reported that direct care trainees have left to go to work for Corrections the day after they finish training. The Subcommittee is extremely concerned and recommends that the portion of Phase III of the job rate study which involves the direct care staff and youth service workers be implemented. The Subcommittee reports that the half-year cost for direct care and youth service workers is approximately \$5 million. Of this \$5 million, the Division of Personnel Services estimates that 73 percent would be from the State General Fund. Further, the

Subcommittee recommends that during this session the full Ways and Means Committee explore all options for funding of the salary upgrades. The Subcommittee notes that such funding would assist state employees and, most importantly, would improve the quality of care for patients in the mental health hospitals.

3. The subcommittee also learned that the hospital's are having difficulty retaining employees they have trained for certain positions, particularly direct care staff. The Subcommittee understands that Osawatomie has implemented a contract which requires employees who enroll for further training to pay back identifiable training costs if they leave the hospital before a certain date. The Subcommittee directs SRS to explore using this contract at the other institutions.

4. The Subcommittee held a hearing on the administration and financing of the education programs at SRS institutions. The Subcommittee received testimony from representatives of SRS, Kansas Neurological Institute, Topeka State Hospital, the Youth Center at Topeka, the Department of Education, and the Southeast Kansas Education Service Center (Interlocal 609). At the hearing, the Subcommittee considered several alternatives to the present system of contracting with individual school districts, including the following: (1) a state special school district; (2) the mental health hospitals contract with one single school district; and (3) the mental health hospitals contract with Southeast Kansas Education Service Center as do the mental retardation institutions.

Although the Subcommittee finds that the current system is functioning adequately, the Subcommittee concludes that the most efficient and sensible alternative is for the mental health hospitals to contract with a single school district. This would provide a certain degree of uniformity throughout the system, greater cooperation between mental health institutions and the school district, and a stronger negotiating position for the mental health institutions. The Commissioner of Administrative Services for SRS testified in favor of this proposal.

The Subcommittee recommends that the House Subcommittee further explore the concept of a single school district for the Mental Health institutions and the feasibility of this option. At a minimum, SRS should enter into discussions with the districts with which it currently contracts and report to the 1989 Legislature on the results.

5. The Subcommittee notes that the Division of Mental Health and Retardation Services submitted a brief list of anticipated GBA requests to the Subcommittee at the budget hearing. These items were not directly presented to the Subcommittee as appeal items and, therefore, the Subcommittee does not believe that the Subcommittee received adequate information to make decisions in regard to these items. The Subcommittee wishes to acknowledge these items and notes that they should be revisited during Omnibus consideration.

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 571

Bill Sec. 23

Analyst: Duffy

Analysis Pg. No. 307

Budget Pg. No. 6-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 23,144,772	\$ 23,279,411	\$ --
Capital Improvements	<u>2,465,348</u>	<u>2,445,836</u>	<u>--</u>
TOTAL	<u>\$ 25,610,120</u>	<u>\$ 25,725,247</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 19,997,819	\$ 20,839,851	\$ (147,767)
Capital Improvements	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL	<u>\$ 19,997,819</u>	<u>\$ 20,839,851</u>	<u>\$ (147,767)</u>
FTE Positions	911.0	911.0	--
Average Daily Census	532	530	--

Agency Estimate/Governor's Recommendation

Larned State Hospital estimates FY 1988 operating expenditures to be \$23,144,772, a reduction of \$24,837 from the amount appropriated by the 1987 Legislature. On March 4, 5, and 6, 1987 Larned was surveyed and the hospital was found out of compliance with respect to the number of RNs at the hospital. On August 28-29, the surveyors revisited and found that the hospital continued to be out of compliance. Larned received notification that the hospital would be decertified as of October 30, 1987, and therefore would lose all federal Medicare and Medicaid funds (projected loss for the remainder of FY 1988 of \$1,099,283). On October 20, 1987, HCFA returned for a special revisit and certified four units which generate the majority of Medicare/Medicaid funds as a "distinct part" of the hospital. Despite the certification of the "distinct part" of the hospital, projected shortfall in receipts are anticipated to be \$751,426. The hospital's budget submission does not include a request for supplemental funding.

The Governor recommends a total operating budget of \$23,279,411 for FY 1988, an increase of \$134,639 over the agency's revised estimate. The FY 1988 recommendation includes additional funds for the upgrade of RN and certain licensed therapist positions (\$47,195) and a decrease in utilities (\$33,079). The Governor does not recommend additional funds in FY 1988 for the 30 RN positions authorized by the Finance Council in response to certification problems, but assumes that the agency will absorb the costs. Additional funding is included in the FY 1989 recommendation for the additional positions. The Governor recommends expenditures of \$20,839,851 from the State General Fund including a supplemental appropriation of \$838,379; \$1,743,829 from the hospital's fee fund, a decrease of \$235,921 from the FY 1988 estimate; \$632,603 from federal Medicaid funds, a decrease of \$471,472 from the \$1,104,075 approved for FY 1988. The State General Fund supplemental appropriation is due to reduction in Medicaid and the fee fund due to the partial certification and an increase in

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salaries and wages due to the RN salary upgrade and adjustment to fringe benefit rates.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. On March 4, 5, and 6, 1987, Larned was surveyed by the Health Care Financing Administration (HCFA) for Medicare/Medicaid certification, and surveyors found that there was an insufficient number of registered nurses (RNs) at the hospital and found the hospital out of compliance with the respect to nursing services. In response to the deficiency, the hospital requested 25 RNs for the required plan of correction. The Division of Mental Health and Retardation Services reviewed this request and recommended the addition of seven positions. Governor's Budget Amendment No. 4 recommended the addition of seven RNs and the Legislature concurred. On March 28-29, 1987, the surveyors returned to Larned and conducted a revisit of the nursing staff and found that the hospital continued to be out of compliance. Larned received notification that the hospital would be decertified as of October 30, 1987, and therefore would lose all federal Medicare and Medicaid funds for a projected loss of \$1,099,283 for the remainder of FY 1988. In an attempt to get the units of the hospital which generate the majority of the Medicare/Medicaid funds certified (i.e., admissions-15 beds, adult 1-24 beds, children-17 beds, and adolescents-26 beds) the hospital shifted 13 RNs from other areas to these four units. HCFA returned to Larned for a special revisit and certified the four units as a "distinct part" of the hospital in which Medicare/Medicaid participation would continue. Despite the certification of the "distinct part", projected shortfall in receipts in FY 1988 are anticipated to be \$559,626 (Medicare -- \$235,921 and Medicaid -- \$323,705).

The State Finance Council met in January, 1988 and authorized 30 additional FTE positions. The Finance Council was informed that the 30 RNs would bring the entire facility into compliance with the federal standards. The Subcommittee notes that during the agency hearing the Superintendent at Larned, told the Subcommittee that the Director of Nursing at Larned State Hospital has determined that the hospital needs 76.8 positions, based on the hospital's Patient Classification system. Under questioning by the Subcommittee, Dr. Getz would not give an opinion as to whether the 30 additional FTE would be adequate and lacked confidence that 30 would suffice. The Subcommittee wished to emphasize that as of February 16, 1988, the hospital had filled only 8 of the 30 authorized FTE. The Subcommittee is concerned about the hospital's practical ability to successfully recruit the remainder of the 30 positions, to say nothing of the possible need for more than 30 RNs.

Larned is scheduled to be surveyed by JCAH in April, 1988. Hospital officials informed the Subcommittee that for the JCAH survey they intend to spread the additional RNs across all parts of the hospital. Hospital officials are concerned that JCAH will not accredit the hospital because there are serious RN shortages in the 13 noncertified units of the hospital because the hospital shifted RNs from the noncertified areas to the four certified units.

The Subcommittee is concerned and wishes to alert the Legislature to the possibility that Larned may not be accredited by JCAH in April. We also note that if the hospital fails JCAH, they will most likely not achieve further HCFA certification and may lose certification on the four units which are currently certified. The hospital stands to lose approximately \$2.6 million if it is not accredited by JCAH or certified by HCFA. The Subcommittee notes that the annual cost of an additional 76.8 RNs is approximately \$2.2 million. The Subcommittee is concerned and directs the Division of Mental Health and Retardation Services in concert with Larned State Hospital to present a written report this session to the Senate and House Subcommittees exploring options in regard to the certification and accreditation of Larned State Hospital. For example, the Subcommittee questions the necessity of certifying the 20-bed substance abuse unit. Perhaps this unit could be transferred to the community. The Subcommittee notes that currently 263 of the 548 beds at Larned State Hospital are security (i.e. mentally ill DOC inmates are transferred to Larned and are in the custody of the Secretary of SRS); we may wish to consider seeking accreditation and certification of the psychiatric beds only and not the security unit. Other states report that offender units are not accredited or certified. The Subcommittee believes that all options must be studied as to the future of Larned State Hospital and the provision of mental health services for the Larned catchment area.

2. The subcommittee recommends that based on year to date Medicaid collections, the Title XIX transfer to Larned State Hospital in FY 1988 should be increased by \$147,767 and a corresponding decrease in the supplemental appropriation from the State General Fund.
3. The Subcommittee identified savings in several object codes and was informed that any savings in the hospital's operating budget will be used to fund the additional 30 RN positions authorized by the State Finance Council. The Subcommittee understands that the agency also intends to keep nondirect care positions vacant and offer fewer paid holidays to fund the additional FTE. The Subcommittee expresses concern over this and asks the House Subcommittee to monitor this situation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee with the following adjustment:

1. The Senate Committee recommends the addition of \$86,286 to salaries and wages to be used to fund the additional 30 RN positions authorized by the State Finance Council. The additional positions were authorized in response to a federal HCFA survey which certified only a "distinct part" of Larned State Hospital for federal Medicare and Medicaid funds.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 88</u>	<u>Senate Rec. FY 88</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 86,286	\$ 23,365,697	\$ 23,564
Capital Improvements	--	2,445,836	--
TOTAL	<u>\$ 86,286</u>	<u>\$ 25,811,533</u>	<u>\$ 23,564</u>
State General Fund:			
State Operations	\$ (61,481)	\$ 20,778,370	--
Capital Improvements	--	--	--
TOTAL	<u>\$ (61,481)</u>	<u>\$ 20,778,370</u>	<u>--</u>
FTE Positions	--	911.0	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendation with the following adjustment:

1. The Subcommittee recommends that the expenditure limitation on the federal Chapter I fund be increased from \$63,128 to \$86,692.

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 545

Bill Sec. 6

Analyst: Duffy

Analysis Pg. No. 307

Budget Pg. No. 6-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$25,129,469	\$25,970,904	\$ --
Capital Improvements	4,148,400	3,563,200	--
TOTAL	<u>\$29,277,869</u>	<u>\$29,534,104</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$22,054,055	\$22,925,663	\$ --
Capital Improvements			--
TOTAL	<u>\$22,054,055</u>	<u>\$22,925,663</u>	<u>\$ --</u>
FTE Positions	937.8	908.8	--
Average Daily Census	532	530	--

Agency Estimate/Governor's Recommendation

The agency requests an FY 1989 operating budget of \$25,129,469, an 8.6 percent increase over the approved FY 1988 budget. The hospital requests 56.8 new FTE positions. The hospital also requests a total of \$327,205 for capital outlay.

The Governor recommends a total operating budget of \$25,970,904, an 11.6 percent increase over the FY 1988 recommendation. The recommendation includes funding for the additional RN positions authorized by the Finance Council (805,070), the salary upgrade for RNs and certain licensed therapist positions (\$170,105), 4 percent increase for classified employees (\$763,493) and a 5.8 percent merit pool for unclassified employees (\$128,166). The Governor's recommendation reflects funding from the State General Fund of \$22,925,663, a 10 percent increase over the FY 1988 recommendation. The recommendation also includes funding of \$1,742,560 from the hospital fee fund, and \$1,234,281 from federal Medicaid funds. The FY 1989 recommendation for financing assumes complete certification of the hospital in FY 1989.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation, but makes the following observations:

1. The Subcommittee wishes to emphasize that the Governor's recommendation for funding assumes that Larned will achieve full certification for the entire fiscal year. The Subcommittee received testimony indicating that there is considerable doubt that the entire hospital will be certified for all of FY 1989. If the hospital does not achieve any further certification and

maintains the status quo, the Subcommittee anticipates a shortfall of at least 1.1 million (\$400,000 in the fee fund and \$700,000 in Medicaid).

- The Subcommittee acknowledges the agency's anticipated GBA request for a psychiatric aide position. The Subcommittee notes that this position was eliminated in the hospital's budget in order to add a position in the Division of Mental Health and Retardation Services as part of the new investigation teams requested by the Division of Mental Health and Retardation Services (SRS budget). The psychiatric aide position was not directly presented to the Subcommittee as a budget appeal item, therefore, the Subcommittee does not believe it is appropriate to address the issue at this time, but believes that the issue should be revisited during Omnibus consideration.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 89</u>	<u>Senate Rec. FY 89</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 25,970,904	--
Capital Improvements	--	3,563,200	--
TOTAL	<u>\$ --</u>	<u>\$29,534,104</u>	<u>--</u>
State General Fund			
State Operations	\$ --	\$ 22,925,663	--
Capital Improvements	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 22,925,663</u>	<u>--</u>
FTE Positions	--	908.8	--

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Senate with the following comment:

- The Subcommittee wishes to emphasize that the recommendation for funding in FY 1989 assumes that Larned will achieve full certification for the entire fiscal year. The Subcommittee received testimony indicating that there is considerable doubt

that the entire hospital will be certified for all of FY 1989. The Subcommittee notes that a supplemental appropriation will probably be necessary for FY 1989.

SUBCOMMITTEE REPORT

Agency: Osawatomi State Hospital

Bill No. 571

Bill Sec. 21

Analyst: Duffy

Analysis Pg. No. 307

Budget Pg. No. 6-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$16,257,171	\$16,376,485	\$ 11,804
Capital Improvements	460,760	358,770	--
TOTAL	<u>\$16,717,931</u>	<u>\$16,735,255</u>	<u>\$ 11,804</u>
State General Fund:			
State Operations	\$11,905,564	\$12,524,878	\$ 11,804
Capital Improvements	--	--	--
TOTAL	<u>\$11,905,564</u>	<u>\$12,524,878</u>	<u>\$ 11,804</u>
FTE Positions	607.3	627.4	--
Average Daily Census	345	345	--

Agency Estimate/Governor's Recommendation

Osawatomi State Hospital requests a total operating budget of \$16,257,171, a reduction of \$34,603 from the amount approved by the 1987 Legislature. Funding includes \$11,905,564 from the State General Fund, \$2,330,427 from the hospital's fee fund, and \$1,998,911 from Medicaid. Based on the hospital's fee fund projections, agency officials anticipate fee collections to be short of the approved expenditure limitation of \$2,330,427, although the budget submission does not include a request for supplemental funding. On July 27-29, Osawatomi State Hospital was surveyed by the Health Care Financing Administration (HCFA) for the hospital's annual Medicare/Medicaid certification. Osawatomi was found out of compliance with respect to RNs and physicians. The hospital filled the physician positions which were vacant at the time of the survey, added nine RNs by leaving vacant nine other positions from various classifications, and implemented a restrictive admission policy to reduce the hospital's census. The surveyors returned to Osawatomi on November 30, 1987 for the revisit survey and found that the hospital had made sufficient progress to be in compliance and thus eligible for federal Medicare and Medicaid funds.

The Governor recommends a total operating budget of \$16,376,485, an increase of \$119,314 over the approved FY 1988 estimate of \$16,257,171. The Governor's recommendation includes a State General Fund Supplemental appropriation of \$584,711. The supplemental funding is based on a short fall in fee collection of \$500,000 and salaries and wages of \$89,711. The Governor does not recommend additional funds in FY 1988 for the 20 RN positions approved by the Finance Council in response to certification problems, but assumes that the agency will absorb the costs. Additional funding is included in the FY 1989 recommendation for the additional positions.

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Attachment 4

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Add \$11,804 to dietary for anticipated additional costs. Hospital officials were notified that 20 additional inmates are to be assigned to the Osawatomie Correctional Facility as of March 1, 1988 which is 20 more than the Department of Corrections anticipated and for which they were budgeted.
2. The Subcommittee reviewed expenditures to date in the various object codes and was informed that any savings in the hospital's operating budget will be used to finance the additional 20 RNs authorized by the state Finance Council. The Subcommittee expresses concern over the hospital's ability to absorb the additional costs without additional funds and requests that the House Subcommittee monitor this situation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee with the following adjustment:

1. The Senate Committee recommends the addition of \$49,644 to salaries and wages to fund the additional 20 RN positions authorized by the State Finance Council. The additional positions were authorized in response to a federal HCFA survey for certification to receive federal Medicare and Medicaid funds.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 88</u>	<u>Senate Rec. FY 88</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 61,448	\$ 16,437,933	\$ 30,000
Capital Improvements	--	358,770	--
TOTAL	<u>\$ 61,448</u>	<u>\$ 16,796,703</u>	<u>\$ 30,000</u>
State General Fund:			
State Operations	\$ 61,448	\$ 12,524,878	\$ 30,000
Capital Improvements	--	--	--
TOTAL	<u>\$ 61,448</u>	<u>\$ 12,524,878</u>	<u>\$ 30,000</u>
FTE Positions	--	627.4	--

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Senate with the following adjustment:

1. Add \$24,500 in a separate line item for retirements. The Subcommittee notes that the hospital has experienced several extremely costly retirements and that there are not adequate savings in other areas of the FY 1988 budget to absorb these costs. The Subcommittee expects that the additional funds will enable the hospital to keep all direct care positions filled.
2. Add \$25,500 to professional services because of an expensive patient hospitalization.
3. Reduce \$20,000 from salaries and wages for part-time intermittent employees.

SUBCOMMITTEE REPORT

Agency: Osawatomie State Hospital

Bill No. 545

Bill Sec. 7

Analyst: Duffy

Analysis Pg. No. 317

Budget Pg. No. 6-51

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$18,741,112	\$18,164,937	\$ --
Capital Improvements	514,200	--	--
TOTAL	<u>\$19,255,312</u>	<u>\$18,164,937</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$14,446,930	\$13,970,592	\$ --
Capital Improvements	--	--	--
TOTAL	<u>\$14,446,930</u>	<u>\$13,970,592</u>	<u>\$ --</u>
FTE Positions	681.5	627.1	--
Average Daily Census	345	345	--

Agency Estimate/Governor's Recommendation

The hospital requests a total operating budget of \$18,741,112 in FY 1989, a 15.3 percent increase over FY 1988. The request includes funding for 681.5 FTE positions, an increase of 74.25 FTE positions.

The Governor recommends a total operating budget of \$18,164,937, a 10.9 percent increase over the FY 1988 recommendation. The recommendation includes funding for the 20 additional RN positions authorized by the Finance Council in January, 1988 (\$487,238); the salary upgrade of RN and licensed therapist positions (\$60,687), an average 4 percent increase for classified employees (\$512,363), a 5.8 percent merit pool for unclassified employees (\$89,744). The Governor's recommendation reflects funding from the State General Fund of \$13,970,592, an increase of 11.5 percent over the FY 1988 estimate. The recommendation also includes funding of \$2,127,995 from the hospital's fee fund, a reduction of \$99,837 from the agency's projection, and \$2,037,939 from Medicaid.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following observations:

1. The Superintendent reported to the Subcommittee that the increase in physician salaries approved by the 1988 Legislature is having a very positive impact on the hospital. The hospital is much more successful in recruiting qualified physicians. In fact, Osawatomie has recruited one board certified psychiatrist with the possibility of employing another.

2. The Superintendent reported to the Subcommittee that the establishment of the Osawatomie Work Facility on the hospital's campus has been a relatively good experience. The Superintendent commented that the hospital had experienced increased turnover as a result of hospital employees seeking employment with the Department of Corrections (DOC) because of higher salaries. In addition, the Subcommittee learned that the hospital has been disappointed in the number of inmates assigned to the hospital. The Subcommittee expresses concern, but hopes that recent DOC staff changes will result in better cooperation from the DOC.
3. The Subcommittee acknowledges Osawatomie's request for a portion of the rent paid for staff housing to be returned to the hospital for a maintenance and repair fund for these housing units. The Subcommittee understands that rent is collected from employees through a payroll deduction and that an adjustment is made to salaries and wages similar to the adjustment made for turnover. The subcommittee recommends that if the hospital believes this is necessary that they consider raising the rent an appropriate amount and utilizing all or a portion of the increase for housing improvements.
4. The Subcommittee acknowledges the agency's anticipated GBA request for six LMHTs, five psychiatric aides, and one General Maintenance and Repair Technician. The Subcommittee notes that the direct care staff were requested in response to federal surveys. The General Maintenance and Repair Technician was eliminated in the hospital's budget in order to add a position in the Division of Mental Health and Retardation Services as part of the new investigation teams requested by the Division (SRS budget). These positions were not directly presented to the Subcommittee as budget appeal items, therefore, the Subcommittee does not believe it is appropriate to address the issue at this time, but believes that the issue should be revisited during Omnibus consideration.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 89</u>	<u>Senate Rec. FY 89</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 18,164,937	\$ 172,945
Capital Improvements	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 18,164,937</u>	<u>\$ 172,945</u>
State General Fund:			
State Operations	\$ --	\$ 13,870,592	\$ 172,945
Capital Improvements	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 13,870,592</u>	<u>\$ 172,945</u>
FTE Positions	--	627.1	7.5

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendation with the following adjustment:

1. Add \$142,117 and 4.5 Psychologist II positions in response to the last JCAH survey. The Subcommittee notes that Osawatomie's next JCAH survey is scheduled for this summer. Currently, the hospital is authorized ten psychologist positions. The additional positions will allow for one psychologist per ward.
2. Reduce \$21,000 from salaries and wages for part-time intermittent employees.
3. Add \$51,828 and 3.0 LMHT II positions to assist in providing adequate relief for direct-care staff.

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility Bill No. 571 Bill Sec. 22
 Analyst: Duffy Analysis Pg. No. 327 Budget Pg. No. 6-53

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 3,744,340	\$ 3,760,767	\$ (5,000)
Capital Improvements	118,844	113,952	--
Total	\$ 3,863,184	\$ 3,874,719	\$ (5,000)
State General Fund:			
State Operations	\$ 2,231,364	\$ 2,674,802	\$ (5,000)
Capital Improvements	0	0	--
Total	\$ 2,231,363	\$ 2,674,802	\$ (5,000)
FTE Positions	122.0	122.0	--
Average Daily Census	52	52	--

Agency Estimate/Governor's Recommendation

Rainbow Mental Health Facility estimates FY 1988 expenditures of \$3,744,340, as approved by the 1987 Legislature. Funding includes \$2,231,364 from the State General Fund, \$592,757 from Rainbow's fee fund, \$891,808 from Medicaid, and \$28,411 from federal Chapter I funds. Although current year projections indicate a significant shortfall in the fee fund, the hospital's budget submission does not include a request for supplemental funding.

The Governor recommends an operating budget of \$3,760,767, an increase of \$16,427 over the FY 1988 revised estimate of \$3,744,340. The increase is reflected in salaries and wages as a result of the Governor's recommendation to upgrade registered nurses (RNs) and certain licensed therapist positions and adjustment to fringe benefit rates. The recommendation includes funding of \$2,674,802 from the State General Fund, an increase of \$443,437 over the FY 1988 estimate and expenditures of \$165,746 from the hospital's fee fund, a decrease of \$427,011 from that approved for FY 1988. The Governor's recommendation includes a State General Fund supplemental appropriation of \$443,437.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. The Subcommittee recommends a reduction in communications of \$5,000, based on current year expenditures.

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 Attachment 5

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the recommendation of the Senate Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 88</u>	<u>Senate Rec. FY 88</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (5,000)	\$ 3,755,767	(5,000)
Capital Improvements	--	113,952	--
TOTAL	<u>\$ (5,000)</u>	<u>\$ 3,869,719</u>	<u>(5,000)</u>
State General Fund:			
State Operations	\$ (5,000)	\$ 2,669,802	(5,000)
Capital Improvements	--	--	--
TOTAL	<u>\$ (5,000)</u>	<u>\$ 2,669,802</u>	<u>(5,000)</u>
FTE Positions	--	122.0	1.0

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendation with the following adjustments:

1. The Subcommittee recommends the addition of 1.0 FTE in FY 1988 to make the Special Projects position approved by the 1987 Legislature a permanent position. The Governor recommended that the Special Project position be made permanent in FY 1989.

The Subcommittee understands that the individual in this special projects position is on leave from Topeka State Hospital and that the leave status terminates before the end of the fiscal year. The Subcommittee recommends that the F.T.E. be added in FY 1988 to insure that this individual is retained as a Reimbursement Officer II.

2. The Subcommittee recommends the reduction of \$5,000 based on current year expenditures from maintenance materials, supplies, and parts and reappropriates the same amount to FY 1989.

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility

Bill No. 545

Bill Sec. 9

Analyst: Duffy

Analysis Pg. No. 327

Budget Pg. No. 6-51

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 4,266,093	\$ 4,032,720	\$ (3,798)
Capital Improvements	<u>832,600</u>	<u>0</u>	<u>--</u>
Total	<u>\$ 5,098,693</u>	<u>\$ 4,032,720</u>	<u>\$ (3,798)</u>
State General Fund:			
State Operations	\$ 2,976,920	\$ 2,372,711	\$ (3,798)
Capital Improvements	<u>0</u>	<u>0</u>	<u>--</u>
Total	<u>\$ 2,976,920</u>	<u>\$ 2,372,711</u>	<u>\$ (3,798)</u>
FTE Positions	134.8	123.0	--
Average Daily Census	52	52	--

Agency Estimate/Governor's Recommendation

Rainbow requests an operating budget of \$4,266,093 for 134.8 FTE positions. The funding request includes \$2,978,755 from the State General Fund, \$202,075 from the hospital's fee fund, \$1,059,875 from Medicaid, and \$25,388 from federal Chapter I funds. The decrease in expenditures from the fee fund is based upon current year projections. The agency believes the estimate is a realistic projection of anticipated collections. During the last several legislative sessions, funds have been shifted from other sources to cover shortages in the fee fund. The request reflects continuation of all existing programs and the addition of 12.8 FTE positions. In addition to the 11.6 percent increase in salaries and wages for new positions, increases in the agency's request over the FY 1988 approved budget are reflected in the school contract and capital outlay. In addition, the hospital proposes the expansion of the partial hospitalization program.

The Governor recommends \$4,032,720 for operating expenditures in FY 1989, a decrease of \$233,373 from the agency's FY 1989 request and an increase of 7.2 percent over the Governor's FY 1988 recommendation. The FY 1989 recommendation includes funding for the salary upgrade of RNs and certain licensed therapist positions (\$11,736), a 4 percent increase for classified employees (\$97,617), and a 5.8 percent merit pool for unclassified employees (\$27,687). In addition, the Governor recommends that the special projects position approved by the 1987 Legislature become a permanent Reimbursement Officer II in FY 1989. The Governor's funding recommendations include \$2,372,711 from the State General Fund, \$202,078 from the hospital's fee fund, \$1,432,543 from Medicaid, and \$25,388 from federal Chapter I funds.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. The Subcommittee recommends a reduction of \$3,798 from communications based on current year expenditures.
2. The Subcommittee notes that Rainbow Mental Health Facility operates a unique adult program, in that, it is a short-term, acute care hospital. The Subcommittee considers Rainbow an important resource which supports community-based programs and lowers the utilization of Osawatomie State Hospital.
3. The Subcommittee is concerned about the waiting list for the children's program at Rainbow. The Superintendent reported that there is an average of 20 children on the waiting list and that this translates into approximately a five to six month wait. Currently, there is a specialized foster care program funded through a federal grant which is having positive results, and if expanded could reduce the waiting, according to the Superintendent. The Subcommittee supports continued and, if possible, expanded funding for this program which is budgeted in SRS.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the recommendations of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 89</u>	<u>Senate Rec. FY 89</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (3,798)	\$ 4,028,922	\$ --
Capital Improvements	--	--	--
TOTAL	<u>\$ (3,798)</u>	<u>\$ 4,028,922</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ (3,798)	\$ 2,368,913	\$ --
Capital Improvements	--	--	--
TOTAL	<u>\$ (3,798)</u>	<u>\$ 2,368,913</u>	<u>\$ --</u>
FTE Positions	--	123.0	--

House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendation with the following exception:

1. The Subcommittee directs Rainbow to pursue purchasing the van the hospital is currently leasing from the Central Motor Pool rather than purchasing a new van.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 571

Bill Sec. 24

Analyst: Duffy

Analysis Pg. No. 352

Budget Pg. No. 6-57

<u>Expenditure Summary</u>	<u>Agency Req. FY 88</u>	<u>Governor's Rec. FY 88</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 17,417,187	\$ 17,585,288	\$ 75,000
Capital Improvements	325,100	29,494	--
Total	<u>\$ 17,742,287</u>	<u>\$ 17,614,782</u>	<u>\$ 75,000</u>
State General Fund:			
State Operations	\$ 10,643,119	\$ 10,814,813	\$ (144,951)
Capital Improvements	0	0	--
Total	<u>\$ 10,643,119</u>	<u>\$ 10,814,813</u>	<u>\$ (144,951)</u>
FTE Positions	655.0	655.0	--
Average Daily Census	380	380	--

Agency Estimate/Governor's Recommendation

Topeka State Hospital requests an FY 1988 operating budget of \$17,417,185, a reduction of \$47,880 from the amount approved by the 1987 Legislature. The agency expended \$47,880 in FY 1987 from the FY 1988 reappropriation of \$62,632. The agency requests funding for 655 FTE positions, a reduction of 2.5 FTE positions from the 657.5 authorized for FY 1988. Funding includes \$10,643,118 from the State General Fund, \$3,604,364 from the hospital's fee fund, \$3,085,869 from Medicaid, and \$83,834 from federal Chapter I funds. Although no supplemental funding has been requested, agency officials report that several areas including salaries and wages, the school contract, and utilities are under funded. In addition, the hospital has experienced an expensive outside hospitalization of a Topeka State Hospital patient.

The Governor recommends an operating budget of \$17,585,288, an increase of \$168,101 over the FY 1988 revised estimate of \$17,417,187. The increase is reflected in salaries and wages and includes the Governor's recommendation to upgrade registered nurses and certain licensed therapist positions (\$49,806) and adjustments to fringe benefit rates. In addition, the Governor's recommendation includes minor reductions in printing and advertising, travel and subsistence, and fees -- other services. The Governor's recommendation includes funding of \$10,814,813 from the State General Fund, including a State General Fund supplemental appropriation of \$171,695; \$3,597,179 from the hospital's fee fund, a reduction of \$7,168 from the FY 1988 estimate; \$3,089,462 from Medicaid, an increase of \$3,593; and \$83,834 from federal Chapter I funds.

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Attachment 6

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Increase the expenditure limitation of the hospital's fee fund by \$219,951 and decrease the State General Fund by the same amount, based on current year projections.
2. Add \$75,000 from the State General Fund to utilities based on current year expenditures.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee with the following adjustment:

1. The Senate Committee recommends the addition of 16.0 FTE positions for RN positions and \$113,507 to support the positions in FY 1988, in response to a recent federal HCFA survey. The Senate Committee expresses concern over the staffing deficiencies cited by the surveyors and authorizes the additional RN positions to allow the hospital to correct the deficiencies as soon as possible.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 88</u>	<u>Senate Rec. FY 88</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 188,507	\$ 17,773,795	\$ 105,892
Capital Improvements	--	29,494	--
TOTAL	<u>\$ 188,507</u>	<u>\$ 17,803,289</u>	<u>\$ 105,892</u>
State General Fund:			
State Operations	\$ (31,444)	\$ 10,783,369	\$ 743,722
Capital Improvements	--	--	--
TOTAL	<u>\$ (31,444)</u>	<u>\$ 10,783,369</u>	<u>\$ 743,722</u>
FTE Positions	16.0	671.0	--

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate recommendation with the following adjustment:

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1. The Subcommittee recommends the addition of \$100,000 to Fees-Professional Services due to a very expensive patient hospitalization. The Subcommittee understands that Medicare has refused payment of this claim.
2. Increase the expenditure limitation on federal Chapter I funds from \$83,834 to \$89,726.
3. The Subcommittee recommends the addition of \$643,722 from the State General fund to offset the loss of federal funds in FY 1988 due to the decertification of Topeka State Hospital.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 545

Bill Sec. 11

Analyst: Duffy

Analysis Pg. No. 352

Budget Pg. No. 6-51

<u>Expenditure Summary</u>	<u>Agency Req. FY 89</u>	<u>Governor's Rec. FY 89</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 20,074,303	\$ 19,273,935	\$ --
Capital Improvements	1,236,200	0	--
Total	<u>\$ 21,310,503</u>	<u>\$ 19,273,935</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ 13,374,683	\$ 12,508,212	\$ --
Capital Improvements	0	0	--
Total	<u>\$ 13,374,683</u>	<u>\$ 12,508,212</u>	<u>\$ --</u>
FTE Positions	727.0	654.9	.1
Average Daily Census	382	382	--

Agency Estimate/Governor's Recommendation

The FY 1989 operating budget request for Topeka State Hospital is \$20,074,303 for 727 FTE positions, an increase of 15 percent over the FY 1988 estimated operating budget. The budget reflects 72 new positions, including 16 Registered Nurse (RN) Ills and 26 Psychiatric Aides. The FY 1989 budget request includes a 14 percent increase in funding for the school contract and a total of \$743,613 in capital outlay.

The Governor recommends \$19,273,935 for operating expenditures in FY 1989, a 9.6 percent increase over the Governor's FY 1988 recommendation. The FY 1989 recommendation includes funding for the salary upgrade of RNs and certain licensed therapist positions (\$113,570), a 4 percent increase for classified employees (\$556,594), and a 5.8 percent merit pool for unclassified employees (\$86,438). In addition, the Governor recommends the addition of a custodial worker and the deletion of a laundry worker. The Governor's funding recommendation includes \$12,508,212 from the State General Fund, \$3,649,751 from the hospital's fee fund, \$3,032,452 from Medicaid, and \$83,520 from federal Chapter 1 funds.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the Governor with the following adjustments:

1. The Subcommittee acknowledges the agency's anticipated GBA request for 16 RNs, 10 LMHTs, 9 Psychiatric Aides and 1 Laundry Worker. The Subcommittee notes that the RNs and direct care staff were requested in response to federal surveys. The Laundry

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Worker was eliminated in the hospital's budget in order to add a position in the Division of Mental Health and Retardation Services as part of the new investigation teams requested by the Division of Mental Health and Retardation Services (SRS budget). These positions were not directly presented to the Subcommittee as budget appeal items, therefore, the Subcommittee does not believe it is appropriate to address the issue at this time, but believes that the issue should be revisited during the Omnibus consideration.

2. The Subcommittee notes that the agency's FY 1989 budget request included an additional Power Plant Operator II position. The need for this position was brought to the attention of the Subcommittee, however, the Subcommittee did not have time to ask the Superintendent about this position and requests that the House Subcommittee carefully review the merit of this new position.
3. The Superintendent reported to the Subcommittee that the relationship between the hospital and the Topeka Pre-Release Center located on the hospital grounds is very good. The Subcommittee encourages the hospital to share information with other institutions about that cooperative arrangement.
4. The Superintendent reported to the Subcommittee that there has been overcrowding on some wards of the hospital. The Superintendent noted that when Osawatomie restricted admissions the hospital experienced an increase in involuntary patients whose primary diagnosis was alcohol or drug abuse related, but were admitted under a psychiatric diagnosis. The Subcommittee concludes that this supports the need to expand inpatient alcohol and drug abuse services in the community and again raises the question as to whether alcohol and drug programs are appropriately placed in state mental health hospitals.
5. The Subcommittee recommends the addition of .1 FTE due to a technical error in the appropriations bill to accurately reflect the Governor's recommendation.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the Senate Committee with the following adjustment:

1. The Senate Committee of the Whole recommends the addition of 16.0 FTE positions for RNs in response to a recent federal HCFA

survey. The Senate expresses concern over the staffing deficiencies cited by the surveyors and authorizes the additional RN positions to allow the hospital to correct the deficiencies as soon as possible.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 89</u>	<u>Senate Rec. FY 89</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ --	\$ 19,273,935	\$ 682,721
Capital Improvements	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 19,273,935</u>	<u>\$ 682,721</u>
State General Fund:			
State Operations	\$ --	\$ 12,508,212	\$ 682,721
Capital Improvements	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 12,508,212</u>	<u>\$ 682,721</u>
FTE Positions	16.0	671.0	12.0

House Subcommittee Recommendation

1. The Subcommittee recommends the addition of \$482,810 for the 16.0 RNs added on the Senate floor in response to the HCFA certification survey.
2. The Subcommittee recommends the addition of \$20,755 to salaries and wages and 1.0 FTE position for a Power Plant Operator. According to hospital officials, a recent study by the Division of Architectural Services has recommended the addition of this position.
3. The Subcommittee recommends the addition of 11.0 FTE for direct care positions, \$103,656 for six LMHT IIs and \$75,5000 for five psychiatric aid positions.
4. The Subcommittee understands that the loss of federal funds due to HCFA's decertification of Topeka State Hospital is estimated to be \$475,000 in FY 1989. The Subcommittee notes that a supplemental appropriation may be necessary in FY 1989.