

Approved 4-16-90  
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntten at  
Chairperson

1:45 ~~am~~/p.m. on March 13, 1990 in room 514-S of the Capitol.

All members were present except: All present.

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Laura Howard,  
Kansas Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Sharon Schwartz, Administrative Aide  
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

**INTRODUCTION OF BILLS**

Representative Marvin Smith requested introduction of a bill that would allow the erection of rural business and farm or ranch directional signs in areas adjacent to a highway. Representative Teagarden moved introduction of the bill. Representative Wisdom seconded. Motion carried.

Representative Dale Sprague requested reintroduction of a bill relating to insurance companies and fraternal benefit societies, excluding certain assessments to pay claims of insolvent insurers from the retaliatory taxation, penalty and fee structure. Representative Chronister moved introduction of the bill. Representative Solbach seconded. Motion carried.

The Department of Corrections requested introduction of a bill that would authorize the Secretary of Corrections to direct counties to discontinue some community correctional services. Representative Chronister moved introduction of the bill. Representative Moomaw seconded. Motion carried.

**New Bill - DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES**

The Committee reviewed the subcommittee report for FY90 and FY91 (Attachment 1). Regarding the KanWork program savings in item #5 of the FY90 report, Representative Goossen stated the subcommittee was advised that these savings were a result of a delay in implementation. Federal law will require the expansion of KanWork in FY92 beyond the 11 counties that are now planned. Representative Goossen believes the current problem is both funding and implementation. Representative Shriver did not sign the report because he stated he does not agree with every item in the report. Representative Goossen moved adoption of the FY90 subcommittee report on SRS. Representative Pottorff seconded. Motion carried.

In response to a question on the FY91 report, Representative Pottorff explained that the Keys for Networking program in item #40 is a program for families with children who are mentally ill. On item #37, the Subcommittee stated the funding is already deleted for the 55 positions and this recommendation eliminates the positions. Representative Shriver stated he does not agree with item #37 and feels the methodology the agency used in reducing Winfield staff should be applied here.

On item #17, Representative Vancrum moved to include in the FY91 report a statement that the Committee's intention is to

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 1:45 ~~a~~p.m. on March 13, 1990.

fund 50 slots in the community for clients from state institutions under the HCBS program as indicated in the Winfield State Hospital subcommittee report. Representative Teagarden seconded. Motion carried.

Regarding item #5, Representative Shriver stated this recommendation would allow SRS to achieve efficiency in the management of area offices. Representative Hamm expressed concern that elimination of the 12-hour requirement will further erode SRS service in rural areas.

Staff advised that the agency is setting up hearings in the three towns where the mental retardation hospitals are located to be completed prior to the omnibus session. In response to a question, Representative Goossen stated the subcommittee's intent in item #26 is that there would be a 90-day residency requirement in the General Assistance program for cash assistance and MediKan. Staff will clarify this intent in item #26 of the FY91 report.

Representative Solbach asked if deletion of \$16,000 from the nursing home inspection program will lower the quality of care in nursing homes. Representative Goossen stated this item does not reduce the existing program; it simply does not fund an expansion.

Representative Teagarden moved to amend the FY91 SRS subcommittee report deleting the funding for the 55 FTE central office positions eliminated in item #37. Representative Wisdom seconded. Representative Goossen explained that the money has been taken out with the Governor's imposition of a 6.5 percent shrinkage rate for the central office. The Subcommittee is taking out the positions that now are not funded. Representative Teagarden stated his intent is to remove the amount of funding based on the plan for quarterly reduction of 55 central office FTE's. Representative Teagarden specified the deletion of \$980,982, which would be 50 percent of the full year funding for these positions. On Representative Teagarden's motion to amend, the motion carried.

Representative Shriver moved to put the dollar savings on salaries from Representative Teagarden's motion into the child care budget. Representative Solbach seconded. Representative Shriver stated these funds would be used to purchase daycare slots. Representative Shriver withdrew his motion with the consent of his second, Representative Solbach.

Representative Goossen moved adoption of the FY91 subcommittee report on SRS, as amended. Representative Pottorff seconded. Motion carried. Representative Hamm is recorded as voting "no." Representative Chronister made a motion to introduce a bill which includes the SRS appropriations for FY90 and FY91 as recommended in both subcommittee reports, as amended. Representative Teagarden seconded. Motion carried.

HB 2607 - Appropriations for FY90, FY91, FY92 and FY93 capital improvements for various state agencies.

Representative Chronister moved that HB 2607, as amended, be recommended favorably for passage. Representative Teagarden seconded. Motion carried.

**INTRODUCTION OF BILLS**

Representative Brady requested introduction of a bill which sets up a review committee for the re-organization of SRS (Attachment 2).

CONTINUATION SHEET

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Representative Brady moved introduction of the bill. Representative Teagarden seconded. Motion carried.

The meeting was adjourned at 4:10 p.m.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 3-13-90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
John Grace	Topeka	KAMA
George Dugger	"	Ks. Dept. on Aging
Gina Robertson	Wamego	3 Rivers, ILRC
Jo Taliaferro	Topeka	Topeka Indep. Living Center
Michael Donnelly	Wamego	Topeka Indep. Living Center
Richard Thomas	Wamego	3-Rivers
Karen DeVinney	Topeka	SRS
Wanda Barton	Topeka	SRS
Bonnie Byington	Topeka	Ks. Ass. for the Blind
Bruce Linker	Lawrence	KALPCCA
Chris Starfield	Topeka	SRS
Joan Strubler	Strubler	KARBS
Arill Brotton	Wichita	Starkey
Jenny Ames	Atchison	Achievement Serv.
JOHN H. HOUMGREN	Topeka	Catholic Health Assn.
John Alquist	Topeka	SRS
Harvey R. Kutz	Topeka	KCS
Melissa Ness	Topeka	KCSL
Becci Akin	Overland Park	KCSL
Yo Bestgen	Topeka	KARF
Mark Intermill	Topeka	KCOA
Marilyn Bradt	Lawrence	KINHI
Bill Henry	Topeka	Pharm. Mgmt. Assn.



## SUBCOMMITTEE REPORT

**Agency:** Department of Social and  
Rehabilitation Services

**Bill No.** 2618

**Bill Sec.** 2

**Analyst:** Howard

**Analysis Pg. No.** 664

**Budget Pg. No.** 520

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90*</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 160,257,574	\$ 153,778,709	\$ 0
Local Aid	30,029,632	28,791,383	317,250
Other Assistance	589,889,744	616,399,082	851,393
Subtotal - Operating	\$ 780,176,950	\$ 798,969,174	\$ 1,168,643
Capital Improvements	4,161,558	4,096,558	0
<b>TOTAL</b>	<b>\$ 784,338,508</b>	<b>\$ 803,065,732</b>	<b>\$ 1,168,643</b>
<b>State General Fund:</b>			
State Operations	\$ 67,930,051	\$ 64,857,025	\$ (257,798)
Local Aid	27,164,705	25,898,596	317,250
Other Assistance	270,994,069	277,293,462	895,261
Subtotal - Operating	\$ 366,088,825	\$ 368,049,083	\$ 954,713
Capital Improvements	437,540	372,540	0
<b>TOTAL</b>	<b>\$ 366,526,365</b>	<b>\$ 368,421,623</b>	<b>\$ 954,713</b>
<b>FTE Positions</b>	<b>3,319.2</b>	<b>3,315.2</b>	<b>--</b>

\* Includes Governor's Budget Amendment No. 1.

### Agency Request/Governor's Recommendation

In the submitted budget, SRS requests revised FY 1990 operating expenditures of \$780.2 million, a reduction of \$993,981 from the approved budget. The State General Fund request totals \$366.5 million, a net increase of \$262,262 from the approved budget. In state operations, the agency requests \$160.3 million, an increase of \$2,107,889 from the approved budget. SRS requests supplemental funding of \$2,051,537 in salaries and an increase of \$56,352 in other operating expenditures. The supplemental salary request includes \$1.2 million from the State General Fund. SRS also requests expenditure limitation increases for several special revenue funds, primarily to allow the expenditure of additional federal receipts. Subsequent to submission of the agency budget, SRS estimated that expenditures in the current fiscal year would exceed appropriated amounts by approximately \$57.2 million, including \$34.7 million from the State General Fund. In response to projected overexpenditure of the agency's approved budget, the Secretary proposed certain regulatory changes and other administrative reductions as cost containment measures. Proposed regulatory changes to be effective January 1, 1990 included the elimination of the MediKan program, \$9 per person per month reductions in AFDC and GA, and the elimination of the Attendant Care for Independent Living program. Temporary regulations were also filed to eliminate General Assistance effective February 1, 1990. These and other cost containment measures were anticipated to save approximately \$15 million from the State General Fund in the current fiscal year.

*HA*  
*3-13-90*  
*Attachment 1*

The Governor recommends expenditures of \$803,065,732 in FY 1990, including \$368,438,117 from the State General Fund. The Governor's recommendation is an increase of \$18,256,801 from the approved budget, including an increase of \$2,804,825 from the State General Fund. Table 4 summarizes the Governor's FY 1990 adjustments to the approved budget. The Governor recommends the elimination of the MediKan and General Assistance programs and the cancellation of the ten percent foster care rate increase scheduled for January 1, 1990. In addition, the Governor recommends that AFDC grants be reduced by \$9 per person per month effective January 1, 1990. The Governor's recommendation deletes three positions and associated operating expenditures recommended by the 1989 Legislature for cost containment in the medical programs and deletes funding for approximately the last half of the year for 34 field positions approved in FY 1990 in conjunction with Medicaid expansion. The Governor's recommendation deletes funding approved for an additional independent living center in the current year and for 150 community mental retardation placements. The Governor recommends additional funding in AFDC, medical assistance and foster care in response to increases in caseloads. In addition, the recommendation includes additional funding of \$21.7 million for long term care. The Governor's recommendation also reflects the deletion of one position in Adult Services.

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. Delete \$16,494 from the State General Fund and add \$16,494 from federal funds for vocational rehabilitation in accordance with Governor's Budget Amendment No. 1. The Governor's Budget included an incorrect state funding match to generate federal funds necessary to finance the Governor's recommended budget in FY 1990.
2. Add \$257,798 from the Social Service Block Grant for salaries and transfer \$257,798 from the State General Fund in salaries to other assistance for grants to adult community living and domestic violence programs. The Subcommittee was informed that SRS made a 5 percent reduction in the grant amounts for these assistance programs for the period January - July, 1990. In addition, the Subcommittee understands that the agency's intent is to use the funds to address a projected salary shortfall. The Subcommittee disagrees with the shift of these funds out of grants and recommends that State General Fund dollars be utilized in the current year to provide this amount. The Subcommittee also recommends that the full amount of these grants be released in FY 1991.
3. Add \$727,344, including \$574,602 from federal vocational rehabilitation funds and \$152,742 from fee funds to secure additional available federal funding. The Subcommittee recommends that additional available federal vocational rehabilitation dollars in both fiscal years be expended at the community level with local sources providing the required twenty percent state match. The Subcommittee recommends the creation of a fee fund to receive these local dollars and serve as a matching fund for federal dollars. The Subcommittee recommends that SRS solicit proposals from local entities for the use of these funds.

4. Add \$692,359 from the State General Fund (\$1,566,068 All Funds) to fund an AFDC caseload of 935,000 person months in FY 1990, as estimated by the agency in their November caseload estimating meeting. The Governor's recommendation includes funding for 921,500 person months in FY 1990. The Subcommittee further recommends that the Senate Subcommittee review caseloads based on the agency's March 16 caseload estimates.
5. Delete \$1,130,341 from the State General Fund (\$2,517,464 All Funds) in projected KanWork savings in the current fiscal year. The Governor's recommendation delayed implementation of the program in seven additional counties from January to April, 1990. The agency states that implementation will be delayed until July 1, 1990.
6. Add \$317,250 from the State General Fund for special purpose grants to community mental retardation centers to provide for one month of funding for 100 additional placements in FY 1990. The Subcommittee further recommends that these funds be targeted towards those individuals who cannot access Medicaid-funded services under the Home and Community Based Services waiver.
7. Add \$267,112 from the State General Fund for the continuation of the current General Assistance program until June 1, 1990. The Subcommittee recommends that payments in May reflect the \$9 per person per month reduction experienced by AFDC households.
8. Add \$808,333 from the State General Fund to commence a new General Assistance program effective June 1, 1990. Item no. 26 in the FY 1991 report describes the features of the new General Assistance program including revised eligibility and residency requirements.
9. The Subcommittee was informed that the appropriations bill does not reduce the state operations expenditure authority of the agency (including salaries and wages and other operating expenditures limitations) in accordance with the Governor's recommendations. The Subcommittee recommends that these adjustments be made in the bill.
10. The Subcommittee discussed the Governor's recommended salary expenditures for the agency in FY 1990 and received testimony concerning a projected shortfall of \$2.3 million in the current fiscal year. The Subcommittee concurs with the Governor's recommendation at this time and recommends that the agency seek a Governor's Budget Amendment to address this shortfall.
11. The Subcommittee reviewed the Regular Medical Assistance budget for FY 1990, and was informed that the agency anticipates expenditures exceeding the Governor's Budget recommendations by \$7.4 million, including \$3.8 million from the State General Fund. The Subcommittee notes that the agency has requested a Governor's Budget Amendment totaling \$2.4 million, including \$1.1 million from the State General Fund to address a portion of this projected shortfall. The Subcommittee also

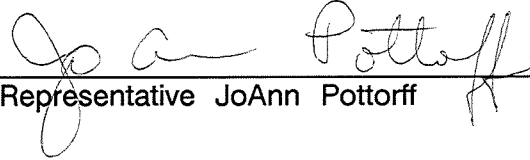


notes that the agency may pend claims to FY 1991 if caseloads and other factors do result in these additional expenditures.



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Representative Duane Goossen  
Subcommittee Chairperson



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Representative JoAnn Pottorff

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Representative Jack Shriver

**SUBCOMMITTEE REPORT**

**Agency:** Department of Social and Rehabilitation Services

**Bill No.** 2729

**Bill Sec.** 24

**Analyst:** Howard

**Analysis Pg. No.** 664

**Budget Pg. No.** 520

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91*</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 197,703,226	\$ 159,425,709	\$ (1,347,779)
Local Aid	58,344,558	30,411,230	3,216,143
Other Assistance	<u>754,985,268</u>	<u>621,924,567</u>	<u>37,202,818</u>
Subtotal - Operating	\$1,011,033,052	\$ 811,761,506	\$ 39,071,182
Capital Improvements	<u>16,528,900</u>	<u>5,557,516</u>	<u>189,900</u>
TOTAL	<u>\$1,027,561,952</u>	<u>\$ 817,319,022</u>	<u>\$ 39,261,082</u>
<b>State General Fund:</b>			
State Operations	\$ 95,796,812	\$ 69,248,000	\$ (749,482)
Local Aid	44,339,247	27,000,532	3,061,943
Other Assistance	<u>354,021,932</u>	<u>256,950,144</u>	<u>29,769,977</u>
Subtotal - Operating	\$ 494,157,991	\$ 353,198,676	\$ 32,082,438
Capital Improvements	<u>5,000,000</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 499,157,991</u>	<u>\$ 353,198,676</u>	<u>\$ 32,082,438</u>
<b>FTE Positions</b>	<b>3,848.7</b>	<b>3,282.2</b>	<b>(67.0)</b>

\* Includes Governor's Budget Amendment No. 1.

**Agency Request/Governor's Recommendation**

SRS requests a FY 1991 operating budget of \$1.0 billion, a 29.6 percent increase from the revised FY 1990 estimate. The request includes \$494.2 million from the State General Fund, an increase of 35.0 percent from the revised FY 1990 estimate. The FY 1991 request is based on an increase of 23.4 percent in state operations, 94.3 percent in aid to local units, and 28 percent in other assistance, grants and benefits. The request includes funding for 3,848.7 FTE positions, an increase of 535.5 from the FY 1990 estimate. The agency also requests \$16.5 million in capital improvements, including \$11.5 million from the SIBF and \$5 million from the State General Fund.

The agency request includes the following major items: (1) 46 new positions for information resources, including additional staffing to operate the CAECSES system, (2) additional legal staff for fraud detection activities, (3) funding for social work student stipends, (4) telephone system replacements and upgrades at area offices, (5) additional area office staff, (6) new child support enforcement teams, (7) increased funding for hospital utilization reviews, (8) staffing and grant funding associated with mental health reform, (9) expansion of KanWork to 38 additional counties, (10) program assurance staff in Youth Services, (11) additional staffing for Rehabilitation Services, (12) a 6 percent increase in state formula aid to community mental health and retardation centers, (13) increases in special purpose mental retardation grants and the MR waiver, (14) a 4 percent AFDC grant increase and funding for Phase 2 of the shelter standard adjustment plan, (15) General fund dollars for LIEAP to maintain current program levels, (16) rate

and inflation increases in the medical assistance program, (17) policy adjustments in medical assistance, including those associated with the federal Nursing Home Reform Act, (18) completion of the Regional Prevention system, and (19) a 5 percent rate increase for all foster care providers.

The Governor recommends expenditures of \$827,272,248 in FY 1991, including \$361,196,999 from the State General Fund. The recommendation is a reduction of \$200,289,704 from the agency request. The recommendation includes funding for 3,282.2 FTE positions, a reduction of 566.6 from the agency request and a reduction of 33 FTE positions from the FY 1990 recommendation. The recommended operating budget for FY 1991 is a 2.8 percent increase from the FY 1990 recommendation, including a 1.9 percent reduction from the State General Fund. The Governor recommends that 34 field positions recommended by the 1989 Legislature in association with Medicaid expansion be deleted and recommends one new position to staff the child abuse hotline. The Governor's recommendation increases other assistance by \$15,478,711 from FY 1990 to FY 1991, including a reduction of \$14,489,823 from the State General Fund. The Governor's recommendation increases medical assistance by \$25,365,388 and reduces all other assistance by a net of \$9,886,677. The Governor recommends one operating expenditures line item for all SRS State General Fund expenditures in FY 1991.

#### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. Delete \$15,379 from the State General Fund and add \$15,379 from federal funds for vocational rehabilitation in accordance with Governor's Budget Amendment No. 1. The Governor's Budget included an incorrect state funding match to generate federal funds necessary to finance the Governor's recommended budget in FY 1991.
2. Delete \$7,982,944 from the State General Fund (\$9,953,226 All Funds) from the regular medical assistance budget as a technical adjustment in accordance with Governor's Budget Amendment No. 1.
3. Delete \$306,472 from the State General Fund (\$517,584 All Funds) and 25 positions from area office administration. The Subcommittee strongly recommends that consolidation of area offices be continued. During FY 1990, the Secretary reduced the number of area offices from 17 to 15. In reviewing the current geographic distribution of area offices the Subcommittee believes that it would be reasonable to reduce the total number to ten area offices. In accordance with this recommendation, the Subcommittee recommends the deletion of 25 FTE positions including the four top administrative positions and one clerical position in each of five area offices. The recommendation includes the deletion of one-half of the projected salary costs of these five positions and a reduction in other operating expenditures equaling eight percent of the projected salary savings. The Subcommittee intends that the Department review the current area offices configuration and design a consolidation plan which meets or goes beyond the recommendations of this subcommittee.

4. Delete \$53,976 from the State General Fund (\$80,000 All Funds) in capital outlay recommended for office equipment for area offices.
5. The Subcommittee recommends that a bill be introduced to eliminate the requirement that each county SRS office be open 12 hours per week. The Subcommittee believes that elimination of the 12-hour requirement could lead to some savings and consolidation of staff, particularly in smaller offices.
6. Delete 1.0 FTE for the Child Abuse Hotline. The Subcommittee was informed that this hotline was begun in FY 1990 with the use of existing FTE authority. The Subcommittee does not believe that authorization for an additional FTE position is necessary.
7. The Subcommittee reviewed the Governor's recommendations for LIEAP and Weatherization and notes that the recommendation reflects a shift towards Weatherization activities. The Subcommittee concurs with the Governor's recommendation, particularly in light of declining balances in the oil overcharge funds.
8. Add \$118,000 from the State General Fund to maintain the current level of support for the eight independent living centers.
9. Delete 6.0 FTE positions at the Vocational Rehabilitation Unit and transfer \$166,500 in funding (\$33,300 State General Fund) to community programs to serve head injured in the community. Last year, funding was approved for the creation of a traumatic head injury program at the Vocational Rehabilitation Unit. The Subcommittee believes that these services could better be provided at the community level and recommends that grants be provided to community programs serving the head injured population.
10. Add \$1,663,942, including \$1,297,875 in federal vocational rehabilitation funds and \$366,067 from fee funds to provide the required match for these federal funds. The Subcommittee recommends that SRS solicit proposals from local entities for the use of these funds and that the required match be provided by local sources. The Subcommittee recommends that a fee fund be created to receive these local dollars.
11. Add \$3,582,744 from the State General Fund (\$3,875,433 All Funds) for foster care to provide funding for a caseload of 49,247 person months in FY 1991 as estimated by the agency in their November caseload estimating meeting. The Governor's recommendation in FY 1991 assumes a caseload of 43,270 person months, the same number as in the current year. The Subcommittee further recommends that the Senate review this estimate based on the results of the agency's March 16 caseload estimates.
12. Add \$3,002,176 from the State General Fund (\$3,602,854 All Funds) to continue a ten percent foster care rate increase through FY 1991. Funding for this ten percent rate increase in FY 1990 was provided in 1990 S.B. 413.

13. The Subcommittee supports the idea of family preservation and encourages further development of such a system. However, the Subcommittee believes that a direct correlation between family preservation efforts and a decrease in foster care caseloads must be demonstrated prior to the expansion of the program or the commitment of additional state support. The Subcommittee recommends that the Senate Subcommittee further review family preservation upon presentation by the agency of a proposal to directly impact foster care caseloads and costs.
14. Add \$2,583,728 from the State General Fund (\$6,012,865 All Funds) to fund an AFDC caseload of 975,000 person months in FY 1991 as estimated by the agency in their November caseload estimating meeting. The Governor's recommendation provides funding for 921,500 person months in FY 1990 and FY 1991. The Subcommittee further recommends that the Senate review these caseload estimates and consider the results of the agency's March 16 caseload estimates.
15. The Subcommittee reviewed the KanWork program and expansion plans to seven additional counties as approved by the 1989 Legislature. The expansion to these seven additional counties has now been delayed until July 1, 1990. The Subcommittee heard testimony concerning possible additional expansion of the program and testimony concerning activities of a Private Industry Council in Southeast Kansas in serving young AFDC parents. The Subcommittee heard some testimony that this program may be expanded with only minimal costs beyond child care and transportation costs and believes there may be merit in providing additional support for this program. The Subcommittee recommends that the agency consider, within the funding approved for the seven new counties, using a portion to fund some programs in Southeast Kansas or to consider expansion to Southeast Kansas rather than the one or the current sites slated for expansion.
16. Add \$1,934,500 from the State General Fund for special purpose grants to community mental retardation centers to fund 100 placements for twelve months in FY 1991. (The FY 1990 recommendation includes funding for these placements to begin in June, 1990.) The Subcommittee further recommends that these funds be targeted towards those individuals who cannot access Medicaid funded services.
17. Add \$1,002,029 from the State General Fund (\$2,315,224 All Funds) to increase the maximum per diem provided for community mental retardation placements under the Home and Community Based Services (HCBS) program from \$68 to \$80 in order to provide for the placement of individuals from institutions to the community. Both of these recommendations are in conjunction with the recommendation to reduce the Winfield Hospital census by 50 beds in FY 1991.
18. The Subcommittee further notes that the agency is in the process of seeking an expanded waiver from the federal government under the Home and Community Based Services program to provide services to additional mentally retarded clients. The agency is seeking to expand the waiver to allow services to an additional 195 clients beyond those

currently approved. If the waiver increase is approved, funding for this expansion will be necessary in future fiscal years.

19. The Subcommittee recommends that funding for the Adult Community and Day Living Program for the mentally retarded be transferred from Adult Services to the Division of Mental Health and Retardation Services. The Subcommittee further requests that the agency develop a more coordinated method for presenting the budget for mental health and mental retardation programs, elements of which are included in MHRS, Medical programs, Adult Services, Alcohol and Drug Abuse Services, Youth Services, and the state institutions. While there may be valid programmatic reasons for the current division of responsibilities among the divisions of the department, the Subcommittee needs to review the programs in their entireties, instead of their component parts.
20. The Subcommittee learned that the Governor's recommendations from the Alcohol, Drug Abuse and Mental Health Block Grant overstate the available amount of mental health funds by \$298,777 and understate the available amount of alcohol and drug abuse funding by \$452,977. States are allowed to shift up to ten percent of the funds between the alcohol and drug share of the block grant and the mental health share of the block grant. The Subcommittee recommends that a portion of these available alcohol and drug abuse funds (\$163,420) be shifted to the Mental Health Block grant to provide the same level of funding for community support services as in the current year. The Subcommittee recommends that the additional available block grant dollars (\$289,557) be targeted towards mental health reform.
21. Add \$727,443 from the State General Fund (\$1,017,000 All Funds) for the first phase of mental health reform, as included in H.B. 2586, the Mental Health Reform Bill. The recommendation assumes implementation of mental health reform in the Osawatomie catchment area and includes \$417,000 for gatekeeping (screening) for six months and \$600,000 for community support services development for six months. The gatekeeping funds would be allocated to participating community mental health centers in the Osawatomie catchment area for screening, evaluation and 24-hour emergency/crisis services. The community support services funding would be used for psychosocial rehabilitative services, mobile crisis stabilization teams, case management and other community services. The Subcommittee would further note that discussion concerning shelter funding has been ongoing between MHRS and the community mental health centers. The Subcommittee is not ready to recommend any additional funding for shelter/housing at this time but recommends that the Senate review this issue and any additional information that may be available at the time of their review. The Subcommittee further recommends that SRS report to the House Appropriations and Senate Ways and Means Committees during the 1991 Session concerning the status of mental health reform implementation, including a detailed explanation of how recommended funds have been expended.
22. Add \$33,519 from the State General Fund and 1.0 FTE Social Worker II for field activities associated with Mental Health Reform. The new position would be used to coordinate facility based services with

community mental health centers. The Subcommittee heard a proposal from MHRS to transfer six positions from KDHE to SRS for mental health reform initiatives. These positions are six of 29 inspection of care positions transferred from SRS to KDHE in conjunction with the transfer of inspection of care responsibilities. The Subcommittee was informed that these positions are funded from both federal and state funds and that sufficient State General Fund dollars for only one new position is available from the deletion of these six positions. The Subcommittee recommends that these six KDHE positions be deleted and that appropriate adjustments be made in the KDHE budget to reflect this recommendation.

23. Delete \$373,253 from the State General Fund (\$553,214 All Funds) in rents to provide total field office rent expenditures of \$3,516,816. The Subcommittee recommendation provides for a five percent increase over FY 1988 expenditures. The Subcommittee recommends that the agency look carefully at the space they are renting and seek the most economical office space possible. The Subcommittee also believes that some savings may also be available as a result of area office consolidation. In addition, the Subcommittee recommends that rent expenditures be included as a separate line item in the appropriations bill.
24. The Subcommittee discussed H.B. 2799 which would establish the KanLearn program requiring school attendance for certain teen recipients of AFDC. The Subcommittee is generally supportive of the bill and recommends that the full House Appropriations Committee hold hearings on the bill. The Subcommittee is concerned about the projected fiscal impact and recommends that this be studied more closely based on the provisions in the bill.
25. The Subcommittee recommends that a proviso be included in the appropriations bill to authorize the Division of Mental Health and Retardation Services to provide malpractice insurance for dentists at the state institutions.
26. Add \$9,700,000 from the State General Fund for a General Assistance program in FY 1991. The Subcommittee received testimony from SRS concerning possible modifications to the existing General Assistance and MediKan programs. The recommendation includes certain modifications to the existing program, particularly in the areas of eligibility and residency.

The new program would provide coverage for families and pregnant women meeting income guidelines but not eligible for AFDC, for persons with a disabling condition which is expected to last longer than six months and which is a limitation to gainful employment, and for persons leaving state psychiatric institutions with an approved discharge plan. The current program does not require that the disabling condition be expected to last longer than six months. In addition, the current program provides coverage to persons aged 55-65 who meet the need standard regardless of disability.

In addition, the Subcommittee recommends the establishment of a 90 day residency requirement for General Assistance. Cash assistance will not commence until recipients have been Kansas residents for at least 90 days. The program would maintain the current policy concerning need standards and allowable resources and would continue the current policy of requiring able-bodied heads of families to participate in work program activities. The new program would continue the current policy of allowing full benefits for families and pregnant women and 20 percent less for others. The program also continues the current policy of limiting payment to individuals leaving state psychiatric institutions to three months unless they otherwise qualify for disabled or family coverage. The Subcommittee also notes that this recommendation continues the \$9 per person per month reduction through FY 1991.

27. Add \$1,600,000 from the State General Fund for the costs of extending the existing MediKan program until June 1, 1990. Actual payment of costs incurred in this program in May 1990 will occur in FY 1991.
28. Add \$7,900,000 from the State General Fund for a MediKan program in FY 1991. The Subcommittee received testimony from SRS concerning options for a medical assistance program for General Assistance recipients. The new program would be developed to cover certain hospital services, and primary medical services, prescription drugs and mental health services outside of the hospital. The recommendation includes an estimate of \$5,000,000 for hospital services, \$1.6 million for physician services, \$800,000 for pharmacy services and \$500,000 for community mental health center services.

The Subcommittee wishes to stress that the hospital component of the program has not yet been finalized. Discussions have been ongoing between SRS and the hospital associations. Currently, three options are being considered by the agency to provide hospital services. The three possible programs are as follows:

- a. By utilizing federal requirements that state Medicaid programs "in making payments to hospitals must take into account the situation of hospitals that service a disproportionate number of low-income patients with special needs" and increasing the formula that takes into account the amount of charity care provided by a hospital, additional reimbursement could be made to those hospitals serving the poor. Under this proposal, additional disproportionate share payments would be made through the Medicaid formula. Hospitals would in turn agree to care for MediKan clients.
  - b. Medicaid rates could be increased and these increased rates would in turn serve as compensation for serving MediKan clients.
  - c. Only limited hospital services would be provided, to include emergency services for a limited list of covered diagnoses or conditions.
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The first two options would result in additional federal dollars which would maximize available funding to hospitals under the program. Under the third option, only the \$5,000,000 in State General Fund dollars would be available for the program.

The Subcommittee is pleased to see the discussions which are ongoing with the hospitals and recognizes that the success of this plan will depend in part on the good faith of the hospitals. The Subcommittee believes that a more formalized agreement must be worked out between SRS and the Kansas Hospital Association and stresses that in the absence of such an agreement, only limited services will be available to MediKan clients. The Subcommittee further stresses the necessity of communication with hospitals in all parts of the state concerning this proposal.

29. Add \$400,000 from the State General Fund for special purpose grants to community mental health centers for emergency inpatient psychiatric services in hospitals or community mental health centers. The Subcommittee believes that certain mentally ill clients currently covered by the existing General Assistance and MediKan programs may not meet new eligibility requirements, particularly relating to length of disability. Rather than altering eligibility for those programs, the Subcommittee recommends this funding be disbursed as grants for use by community mental health centers for clients who would be financially eligible for General Assistance/MediKan but would not meet the six month disability requirement. The Subcommittee stresses that the specific purpose of this additional funding is to keep these individuals out of state hospitals during these acute care episodes. The Subcommittee's recommendation assumes that 100 people would be served by these funds at an average cost of \$4,000 per episode, including hospitalization and medication. The Subcommittee further recommends that the Senate review this item and the issue of GA/MediKan eligibility for this population.
30. Add \$248,000 for a grant to Kansas Legal Services to provide legal assistance for recipients of General Assistance and MediKan who are seeking eligibility for federal Supplemental Security Income (SSI) benefits. This recommendation maintains the current level of funding to Kansas Legal Services.
31. The Subcommittee reviewed the recommended Regular Medical Assistance budget for FY 1991 and notes that the agency projects a shortfall of \$23,016,663, including \$13,010,924 from the State General Fund. The Subcommittee recommends that the agency take actions necessary to live within the budget recommended by the Governor in FY 1991. A copy of the agency's projected budget is attached. Several options were identified to the Subcommittee which may be necessary in order for the agency to live within its budget. A list of these options and potential savings is attached to this report. If the agency projections are correct, then some or all of these options may need to be implemented. The Subcommittee further recommends that the agency, in reviewing its budget and possible options, first delete

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the proposed rate increase for hospitals if any modifications are necessary.

32. The Committee reviewed the long-term care budget, including funding for adult care homes and community-based programs. The Governor's recommended budget for long-term care in FY 1991 totals \$190,020,682, including \$86,111,031 from state funds. Expenditures in FY 1990 are estimated to total \$173.6 million and actual FY 1989 expenditures were \$143.9 million. SRS has developed a reimbursement plan consistent with funding in the Governor's budget recommendation. Under this plan, adult care home facilities would receive a fixed increase of approximately 5.8 percent at the beginning of FY 1991, including a 4.3 percent inflationary increase and \$2.7 million for federal mandates associated with the federal nursing home reform act. In addition, the agency assumed caseload adjustments totaling \$3.6 million. In contrast to the existing reimbursement methodology, the fixed rate would be maintained for an entire year with no allowances for additional costs during the fiscal year (cost report effect). The new rate would be effective from October 1, 1990 until October 1, 1991, at which time the rates would be evaluated.

The Subcommittee recommends that the inflationary increase be reduced from 4.3 percent to 4.0 percent and recommends that \$1.0 million budgeted for federal mandates be deleted. In addition, the Subcommittee recommends that the caseload adjustment be reduced by \$2.2 million for Intermediate Care Facilities (ICF) and Skilled Nursing Facilities (SNF). The Subcommittee recommends that the savings of \$1,670,708 from the State General Fund be shifted to community based services to fund expanded targeted home care services (See item 35). The Subcommittee believes that there is legitimate merit to reducing the caseload adjustment, particularly in light of the Subcommittee's recommendations in community based long term care services. In addition, the Subcommittee recommends that a separate line item be provided for the additional costs associated with federal mandates, and that these funds not be released until these requirements actually go into effect. The Subcommittee also recommends that intermediate care facilities and skilled nursing facilities be budgeted as a separate line item apart from the remainder of the long-term care budget.

33. The Subcommittee recommends that several pieces of legislation be introduced in conjunction with the recommendations on adult care home reimbursement:
  - a. The Subcommittee recommends that a bill be introduced to statutorily define the Boren amendment which requires that reimbursement to nursing homes be adequate and reasonable to meet the costs of efficiently and economically operated facilities.
  - b. The Subcommittee recommends that a bill be introduced to require mandatory screening of all persons entering adult care homes in Kansas.

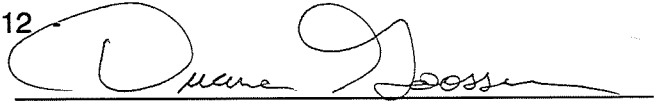
- c. The Subcommittee recommends that a bill be introduced to extend the transfer of property limitations from two years to five years for the transfer of property between parents and children.
  - d. The Subcommittee recommends that a bill be introduced to place a cap on private pay rates in nursing homes that accept Medicaid clients.
34. Delete \$16,000 from the State General Fund (\$64,000 All Funds) from the SRS contract with KDHE for nursing home inspection. The Subcommittee recommends that three positions at KDHE recommended for an expanded nursing home inspection program be deleted.
35. The Subcommittee makes several recommendations concerning community based long term care services. The Subcommittee believes that these services must be targeted towards those most likely to enter into nursing homes and recommends that this be the deciding criteria rather than income in determining who will receive services. In conjunction with targeting those most in need of adult care home placement, a sliding fee scale would be instituted for those at income levels above 150 percent of poverty. The Subcommittee recommends that \$1,670,708 from the State General Fund be transferred from adult care homes to community based long-term care for expansion of the Income Eligible Home Care and Home and Community Based Services program. Of this amount, the Subcommittee recommends \$132,500 for the addition of 19 case management positions. The Subcommittee further recommends that 41 existing generic field staff be transferred to community based services. The Subcommittee recommends that the remaining funds (\$1,537,500 SGF, \$2,477,083 All Funds) be used to provide additional in-home care services through contractual arrangements with providers. As a part of this proposal both individuals under the HCBS program and those in Income Eligible Homecare would receive the same assessment in order to target services to those most in need of adult care home placement.

The Subcommittee also recommends the formation of an interagency council to address the delivery of community based long term care services, with representatives from the Department on Aging, KDHE, SRS and the Insurance Department. The Subcommittee concurs with the Department on Aging Subcommittee in recommending an interim study to review the provision of community based long term care services, including a study of where such programs should be administered for the good of both the consumers and the state.

36. The Subcommittee concurs with the Governor's recommendations for ICF-MR funding. However, the Subcommittee would note that without some meaningful agreement concerning new reimbursement guidelines, and a meaningful plan to restrict growth, a moratorium will be needed. The Subcommittee was informed that the agency estimates expenditures of \$34.8 million would be necessary for the ICF-MR program absent any mechanism to halt growth or control reimbursement. The

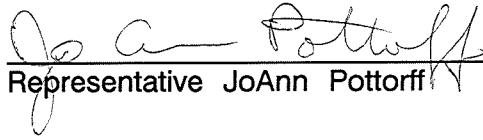
Subcommittee concurs with the recommendation of \$27.2 million for ICF-MR's in FY 1991 and requests that the Senate Committee review the status of any new reimbursement guidelines or plans to restrict growth in order to meet these budgeted amounts. The Subcommittee encourages the agency to continue to pursue a reimbursement formula which considers the type of client and the type of facility in order to encourage the least expensive, least restrictive environment.

37. Delete 55.0 FTE central office positions. The Subcommittee recommends that the agency's central office staff be reduced by ten percent over the next year. The recommendation assumes that the positions would be eliminated gradually by quarters throughout the year. By June 30, 1991, the agency is to eliminate at least 55 central office positions. The Subcommittee notes that the Governor's recommendation includes an abnormally high shrinkage rate for the agency which will in effect force some downsizing by necessitating that the agency hold positions open to generate savings. The Subcommittee recommends that this downsizing take place in the central office, not in field offices, and deletes these positions accordingly.
38. Shift \$1.6 million from the State General Fund from Regular Medical Assistance to Alcohol and Drug Abuse Services. The Subcommittee recommends that alcohol and drug treatment be provided in the community rather than in a hospital setting. The transferred funds would be used to start intermediate treatment programs for women and their children, possibly in Wichita and Kansas City; a day treatment program, possibly in Salina; and to upgrade existing intermediate treatment programs in the state.
39. The Subcommittee concurs with the recommendations of the Joint Committee on State Building Construction, including the addition of \$189,900 from the State Institutions Building Fund above the Governor's Recommendation.
40. The Subcommittee heard some testimony concerning the Keys for Networking program. This appears to be a good program which saves money in other areas of the budget. The Subcommittee recommends that the Senate review the Keys for Networking program, including the status of funding for the program in the Governor's budget recommendation.
41. The Subcommittee reviewed the day care budget but did not have time to address this issue in any detail. The Subcommittee notes that the Senate may wish to review funding in this area.



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Representative Duane Goossen  
Subcommittee Chairperson



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Representative JoAnn Pottorff

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Representative Jack Shriver

GENERAL ASSISTANCE (GA) POPULATIONS  
FY 1991  
PROPOSED LIMITED CASH AND MEDICAL ASSISTANCE PROGRAM

DESCRIPTION =====		CASH BENEFITS =====	MEDIKAN BENEFITS =====	MEDICAID BENEFITS =====
GA Families =====	Avg # of Cases	850	Avg Cost of Medical Care Per Person Month	Avg Cost of Medical Care Per Person Mo
Unemployed, usually two-parent families with one - three children. These families do not qualify for AFDC because the father is still with the family and does not have sufficient work history to qualify for the AFDC Unemployed Parent Program. Also included are pregnant women in their 1st or 2nd trimester. They will be switched to AFDC in their third trimester as allowed by Federal law. The majority of Medical care for children and pregnant women is federally matched.	Avg # of Adults	1,200	\$25	\$97
The cash assistance will not commence until they have been Kansas residents for 90 days. This residency requirement will be applied to the Medikan benefits as well. Such a residency requirement cannot be applied to the pregnant women/children receiving Medicaid.	Avg # of Children	1,200		
	Total Persons	2,400	Proposed Covered Services	Proj Medicaid Expended
			Hospital Svs (1) \$500,000	Hospital Svs \$1,750,000
		Annual Cost	Physician 100,000	Physician 600,000
		\$3,300,000	Pharmacy 100,000	Pharmacy 80,000
			CMHC (2) 10,000	CMHC 40,000
			All Else N/A	All Else 330,000
			Annual Cost = \$710,000	Annual Cost = \$2,800,000
GA Disabled and GA Reintegration =====	Avg # of Cases	3,200	Avg Cost of Medical Care Per Person Month	Avg Cost of Medical Care Per Person Mo
These households are typically single individuals with a mental or physical handicap lasting 6 months or more which substantially limits employment. Many are awaiting a Federal disability decision, and if successful will have their cash benefits reimbursed to the agency through Social Security and their medical payments retroactively Federally matched.	Avg # of Adults	3,335	\$180	\$0
The cash assistance will not commence until they have been Kansas residents for 90 days. This residency requirement will be applied to the Medikan benefits as well.	Avg # of Children	0		
	Total Persons	3,335	Proposed Covered Services	Proj Medicaid Expended
			Hospital Svs (1) \$4,500,000	Hospital Svs \$0
		Annual Cost	Physician 1,500,000	Physician 0
		\$6,400,000	Pharmacy 700,000	Pharmacy 0
			CMHC (2) 490,000	CMHC 0
			All Else N/A	All Else 0
			Annual Cost = \$7,190,000	Annual Cost = \$0
	TOTALS	\$9,700,000	\$7,900,000	\$2,800,000

(1) This represents both Inpatient & Outpatient Expenditures for a limited number of Emergency Services. It will be further limited by a day limit or other constraining measures.  
(2) This amount not actually paid for care of Medikan clients. Represents added SGF for increased Medicaid rates to compensate for CMHC loss of Medikan.

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## OPTIONS FOR GENERAL ASSISTANCE/MEDIKAN

### General Assistance/MediKan eligible groups

- . Families and pregnant women.
- . Persons with a disabling condition which is expected to last longer than six months and is a limitation to gainful employment.
- . Persons leaving state psychiatric institutions with an approved discharge plan.

### Requirements

- . Resources - continue current policy which allows countable resources of less than \$1,000 per case, and exempts the home in which a client lives, \$1,500 equity in a vehicle and an individual's personal effects.
- . Work Program requirements - continue current policy of requiring able-bodied individuals to participate in work program activities such as CWEP and Job Search.
- . Application for SSI - continue current policy of requiring disabled individuals to apply for SSI.
- . Residency - persons must have been residents of Kansas for at least 90 days.

### Assistance Payments

- . Continue current policy of allowing full benefits for families and pregnant women and 20% less for others.  
1 person (80% of need) - \$189.00 maximum    Family of three - \$383.00 maximum
- . Continue current policy of payment to individuals leaving state psychiatric institutions being limited to three months unless they otherwise qualify for disabled or family coverage.

### Medical Assistance

- . Physician benefits - to include office visits and limited diagnostic and surgical procedures.
- . Prescription drugs - continue current coverage and consider additions to the formulary to maximize preventive care.
- . Community Mental Health Center Services - limited services to be determined by available dollars.

. Hospital benefits - three methods of coverage.

Emergency services only - dollars available will determine extent of services.

Disproportionate share payments through Medicaid formula. Hospitals would agree to care for MediKan clients. Federal payments to the state would be retroactive to the quarter in which the plan amendment was submitted. If the plan were not approved we could agree to give hospitals at least the SGF amount. Or, the Governor and legislature could reconsider options in the next session.

Increased Medicaid rates - Medicaid rates could be increased and in turn could serve as compensation for serving Medikan clients.



## Options for Providing MediKan Services

The following options are proposed for providing primary care physician services in the community, prescribed drugs, mental health services and limited hospital services with the assumption that only emergent and urgent services would be covered.

### **BASIC GOALS:**

The new program would be developed to cover emergency and urgent services at and in the hospital and primary medical services, prescription drugs and mental health services outside the hospital.

The program would not encourage the use of Medical Services in excess.

The program would pay only a portion of the cost of physician services, only drugs required to maintain health, limited hospital admissions and mental health services designed to be provided in the community.

To accomplish the goals set forth I have described available options and the services that would be covered.

### **HOSPITAL OPTIONS:**

1. By utilizing federal requirements in CFR 42 Section 4112 that states "the Medicaid program in making payments to hospitals must take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs" and increasing the formula that takes into account the amount of charity care provided by a hospital reimbursement could be made to those hospitals serving the poor. (Attachment A)
2. Both in and outpatient hospital services would be those required due to either an emergency or urgent situation. The criteria under which these services would be covered would be given in advance to the hospitals. Admissions which do not meet the criteria would be denied and would become the responsibility of the recipient.

Admissions which do meet the criteria would be reimbursed at a fixed rate depending on the level of care required to meet the medical needs of the recipient.

The level of reimbursement would be set at a level so as to ensure some financial responsibility on the patient's part. Reimbursement would be all state funds. (Attachment B)

### **PHYSICIAN SERVICE:**

1. These services could be included as part of the services covered by hospitals. The hospitals would contract with clinics to provide primary care services as outpatient hospital services. These would be reimbursed as part of the uncompensated care as disproportionate share payments made to hospitals.

2. All physician services would be provided as content of service of an office visit. The number of visits allowed would be set.

The reimbursement for this visit would be set at a rate that would be an average of all office visits and high enough to include adjunctive services, i.e., lab and x-ray as content of service of the office visit. Surgery in emergency situations would also be covered.

Local Health Departments, Physician Assistants and Advanced Registered Nurse Practitioners providing primary care could provide this service. No other professional services, i.e., DME, vision, dental, etc. would be covered under this program.

#### **PHARMACY:**

The pharmacy program as covered for MediKan would be reviewed to determine what drugs should be covered. It is desirable, if financially feasible, to make it the same as for Medicaid. This will ensure that the recipients receive the level of services which will eliminate the need for hospitalizations which could result if certain medications are not covered. Reimbursement would utilize the same criteria as reimbursement for Medicaid. This however would be out of all state funds. Services could be limited to those covered for MediKan currently.

#### **MENTAL HEALTH SERVICES:**

1. State general funds would be allocated in proportion to the number of recipients to be served. The money allocated will be applied to increase Medicaid rates in order to take advantage of federal funds. By increasing this rate an amount closer to cost will be provided for Medicaid in return MediKan clients will be served by the Community Mental Health Center.

#### **ADMINISTRATIVE COSTS:**

If any of these options are selected it is not anticipated that there will be an increase in administrative expenditures.

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Attachment A

State Department of Social and Rehabilitation Services  
Disproportionate Share Reimbursement Methodology

Federal regulations require that Medicaid State Plans allow for increased reimbursements to hospitals serving a disproportionate share of low-income patients with special needs. Federal regulations established the basis for hospitals to receive these increased reimbursements. Generally, large public general hospitals, i.e., Cook County Hospital, Denver General Hospital, New York City Hospital, etc., were determined to be disproportionate share hospitals. However, while requiring a mechanism for this increased reimbursement, federal regulations have only recently (July 1, 1987) specified the criteria states are to use to determine if a hospital served a disproportionate share of low-income patients with special needs.

Effective July 1, 1987, the Omnibus Budget Reconciliation Act (OBRA) of 1987 created criteria to determine which hospitals service a disproportionate share of low-income patients with special needs. This Act also established the method to determine the minimum amount of reimbursement.

According to OBRA, one or both of following criteria must be met:

1. A Medicaid utilization rate of at least one standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payments in the State.
2. A low-income inpatient utilization rate exceeding 25%.

Under the OBRA mandate the following disproportionate share payments have been calculated.

<u>FY</u>	<u># of General Hospital Rec. Payment</u>	<u>Amount of Payments</u>	<u># of State Institutions Rec. Payments</u>	<u>Amount of Payments (FFP Only)*</u>
1989	10	\$ 788,241	4	\$2,139,088
1990	11	1,268,167	4	1,817,357

After reviewing the Omnibus Budget Reconciliation Act of 1987 in more detail, the Department has determined that the Act only specifies formulas to be used for the calculation of the minimum amount of disproportionate share payments. Based on this interpretation and an approved liberalized disproportionate share state plan for the state of Louisiana, the Department has submitted a Medicaid State Plan amendment to the Health Care Financing Administration (HCFA). This amendment would liberalize the current formula used by Kansas netting an increase in federal financial participation to the Department of over \$10,000,000 annually. This request was approved verbally February 21, 1990. We are awaiting the written approval. The formula which was approved will make only public hospitals eligible for this payment, mostly state hospitals.

\* Disproportionate share payments to State Institutions consist of the federal financial participation share which is matched against available state general funds for these facilities.

If this option is selected to reimburse hospitals the formula utilized will be changed as shown:

The payment would be based upon the standard federal methodology, which is to take half of the excess of the individual hospital plus a base level 2.5% and multiply the resulting percentage by the current Medicaid payment amounts to obtain a disproportionate share payment.

Example: All hospitals exceeding 15% are disproportionate share.

Hospital A has 23% charity care and is being paid \$1,000,000 per year.

The excess of 8% (23% - 15%), so half of the excess is 4.

The base amount of 2.5% is added to 4 to get 6.5%.

The 6.5% is multiplied by current payments of \$1,000,000 to get \$65,000.

Hospital A would receive an additional \$65,000 in payments per year.

Attachment B

**Limited Hospital Services To Include Emergency Services**

These services have been defined by the Department to cover inpatient and outpatient emergency services for one of the following diagnoses or conditions.

Definition

Emergency Services - services provided in a hospital emergency room after the sudden onset of a medical condition manifested by symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in: 1. placing the patient's health in serious jeopardy, 2. serious impairment to bodily functions, or 3. serious dysfunction of any bodily organ or part.

Covered Services for the Following Conditions:

- Diabetic/hypoglycemic coma
- Retinal detachment
- Myocardial infarction
- Pulmonary embolism
- Cerebrovascular accident (stroke)
- Ruptured aortal aneurysm
- Esophageal varices
- Spontaneous pneumothorax
- Perforation of esophagus
- Gastric ulcer with hemorrhage/perforation
- Duodenal ulcer with hemorrhage/perforation
- Acute appendicitis
- Perforation/obstruction of colon
- Acute cholecystitis
- Perforation/obstruction of gallbladder
- Kidney stone not passed
- Twisted ovarian cyst
- Vaginal hemorrhage
- Emergency labor and delivery
- Comatose when admitted
- Convulsions-undetermined cause and first time
- Fracture
- Intracranial injury
- Internal injury of chest, abdomen and pelvis
- Ruptured spleen
- Open wound of head, neck or trunk
- Open wound of upper limb
- Open wound of lower limb
- Injury to blood vessels
- Crushing injuries
- Second or third degree burns
- Injury to spinal cord
- Poisoning or drug overdose
- Meningitis/Encephalitis
- Critical medical condition such as adrenal crisis, systemic infection, ventricular tachicardia.
- Strangulated hernia

Limitation of hospital days allowed or level of reimbursement may be imposed to stay within a target of \$5,000,000 during FY 1991.

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FY 90 MEDICAL ASSISTANCE

	(1)	(2)	(3)	(4)	(5)	(6)
	SRS REVISED SHORTFALL BASED ON 11/89 CASELOAD EST AND SUBSEQUENT EVENTS *****		GOVERNORS BUDGET REQUEST AND SENATE BILL 413 *****		REMAINING DEFICIT FOR FY 90 (SRS NEED vs. GBR AND SB 413) *****	
	ALL FUNDS	SGF	ALL FUNDS	SGF	ALL FUNDS	SGF
APPROPRIATION	217,728,005	103,882,783	217,728,005	103,882,783		
FEE FUND SHORTAGE	0	2,591,330	0	2,120,012	=	0 471,318
CASELOAD INCREASE	11,599,990	7,647,798	10,423,763	7,196,981	=	1,176,227 450,817
TRMT PATTERN CHANGES	3,686,351	1,779,760	0	0	=	3,686,351 1,779,760
FY 1989 PENDED CLAIMS	3,206,436	1,731,000	3,206,436	1,731,000		
FY 1989 BASE ESTIMATION	(172,428)	472,923	(172,428)	472,923		
PHARMACY COST INFLATION	645,272	278,983	509,638	209,673	=	135,634 69,310
HEART TRANSPLANT COVERAGE	210,000	92,852	210,000	92,852		
ACIL/SCREEN TRANSFERS	(291,736)	(136,665)	(291,736)	(136,665)		
7/89 PW/KIDS COST EST.	(2,220,952)	(1,051,415)	(2,220,952)	(1,051,415)		
4/90 PW/KIDS EXPANSION	726,452	321,237	726,452	321,237		
CRISIS STABILIZATION FUNDS	(95,459)	(50,566)	(95,459)	(50,566)		
QMB PROGRAM RE-ESTIMATE	(1,538,789)	(420,290)	(1,538,789)	(420,290)		
PROTECTED INCOME LEVEL	(276,180)	(202,340)	(276,180)	(202,340)		
PAY HOSP SETTLES & WESLEY 1/2	1,544,512	1,412,512	1,264,512	1,264,512		280,000 148,000
ELIMINATE MEDIKAN 2/90	0	0	0	0		
ELIMINATE PW/KIDS 1/90	0	0	0	0		
ELIMINATE SOME RX 1/90	0	0	(2,083,333)	(921,249)	=	2,083,333 921,249
TOTAL	234,751,474	118,349,902	227,389,929	114,509,448	=	7,361,545 3,840,185
FEE FUNDS		3,000,000		3,470,988		
		121,349,902		117,980,436		

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FY 1991  
REGULAR MEDICAL ASSISTANCE  
=====

	(1)	(2)	(3)	(4)	(5)	(6)	
	SRS ESTIMATED MEDICAL COST IN FY 91 AS OF 2/12/90 *****		GOVERNOR'S BUDGET REQUEST INCLUDING GVN'R'S AMEND #1 *****		REMAINING DEFICIT FOR FY 91 (SRS NEED vs. GBR/GBA #1) *****		
	ALL FUNDS	SGF + FEE FUND	ALL FUNDS	SGF + FEE FUND	ALL FUNDS	SGF + FEE FUND	
FY 90 ESTIMATES CARRIED FWD	234,751,474	121,349,903	227,389,928	117,981,036	=	7,361,545	3,368,867
LESS PENDED CLAIMS	(3,206,436)	(1,731,000)	(3,206,436)	(1,731,000)			
LESS FY90 HOSPITAL SETTLES	(1,264,512)	(1,264,512)	(1,264,512)	(1,264,512)			
LESS FFP RATE CHANGE	0	(2,744,248)	0	(2,744,248)			
CASELOAD INCREASE	11,809,918	6,559,571	7,835,761	3,632,126	=	3,974,157	2,927,444
DISPROPORTIONATE SHARE	250,000	130,464	250,000	130,464			
FEDERAL LEGISLATION							
INCREASE OMB CEILING	530,061	227,926	530,061	227,926			
INCREASE PW/KIDS COVERAGE-YR 2	5,662,224	2,434,756	4,167,794	1,704,578	=	1,494,430	730,178
JOBS BILL MEDICAL TRANSITION	1,682,000	835,721	1,682,000	835,721			
TREATMENT PATTERN CHANGES	4,608,189	2,354,663	0	0	=	4,608,189	2,354,663
RATE ADJUSTMENTS							
INPATIENT HOSPITAL 6%	6,663,931	3,080,120	6,191,943	2,890,098	=	471,988	190,022
PHARMACY 10%	2,265,952	1,010,711	2,109,325	942,351	=	156,627	68,360
DRUG FORMULARY CUTBACKS-YR 2	0	0	(2,916,667)	(1,353,759)	=	2,916,667	1,353,759
MEDIKAN ELIMINATION-YR 2	(16,165,132)	(16,165,132)	(16,165,132)	(16,165,132)			
SB 413 M'KAN FY 90 OBLIGATIONS	1,998,373	1,998,373	0	0	=	1,998,373	1,998,373
ELIMINATE CHIROPRACTIC	(84,000)	(43,600)	(92,804)	(57,946)	=	8,804	14,346
ELIMINATE PODIATRIC	(126,000)	(65,400)	(151,883)	(70,312)	=	25,883	4,912
	=====	=====	=====	=====		=====	=====
	249,376,042	117,968,316	226,359,378	104,957,391	=	23,016,663	13,010,924
	=====	=====	=====	=====		=====	=====
SGF		114,968,316		101,957,391			
FEE FUNDS		3,000,000		3,000,000			

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OPTIONS FOR REGULAR MEDICAL ASSISTANCE SAVINGS

<u>Item</u>	<u>Savings</u>
1. Eliminate coverage of adults in medically needy families who have incomes slightly above AFDC cash assistance standards, but cannot afford the cost of medical care.	\$ 1.0 Million
2. Eliminate the proposed 6 percent hospital rate increase.	2.9
3. Discontinue coverage of mentally ill adults in general hospitals unless these persons are a clear and present danger to themselves or others. (Note: SRS is also considering the implementation of a screening mechanism rather than discontinuing coverage).	3.0
4. Eliminate coverage of all sole source (brand name) prescription drugs except for treatment of cancer, AIDS, and severe infection.	2.0
5. Reduce professional fee reimbursement to pharmacies; and reduce the maximum rate allowed Community Mental Health Centers.	2.0
6. Discontinue all mental health treatment except through Community Mental Health Centers.	0.5
7. Eliminate nonambulance medical transportation and selected nonemergency ambulance transportation.	0.3
8. Reduce physician office visits to two per year.	0.4
9. Reduce coverage of selected medical procedures in both mandatory and optional programs, including diagnostic procedures such as CAT scans and MRI's, and surgical procedures such as liver and heart transplants.	2.0
10. Reduce home health services to Medicare guidelines.	<u>1.0</u>
<b>TOTAL SAVINGS</b>	<b>\$ 15.1 million</b>

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FY 1991 Long-Term Care/Community Based Services (Revised Feb 27, 1990)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 1991 Base	Caseload Adjustment	Subtotal	4.3% Other Increases	Federal Mandates	FY 1991	SGF	Fee Fund	Federal Fund
<b>Adult Care Home :</b>									
ICF	129,775,850	2,900,912	132,676,762	5,826,344	2,739,000	141,242,106	50,178,247	10,655,861	80,507,998
ICF-MR	25,532,432	541,674	26,074,106	1,145,013		27,219,119	11,704,221		15,514,898
ICF-MH	5,741,651	128,345	5,869,996	257,774		6,127,770	6,27,770		0
SNF	2,282,441	51,020	2,333,461	102,471		2,435,932	1,347,451		1,388,481
Adv Pymnt-LTC Providers	74,436		74,436			74,436	32,007		42,429
LTC Audit Adjustments	1,739,587		1,739,587			1,739,587	748,022		991,565
LTC Receiverships	0		0			0	0		0
Other Adjustments	1,000,000		1,000,000			1,000,000	-30,000		570,000
St Only-SNF, ICF, etc	50,000		50,000			50,000	50,000		0
LTC Decertification	50,000		50,000			50,000	21,500		28,500
<b>Subtotal</b>	<b>166,246,397</b>	<b>3,621,951</b>	<b>169,868,348</b>	<b>7,331,602</b>	<b>2,739,000</b>	<b>179,938,950</b>	<b>70,239,218</b>	<b>10,655,861</b>	<b>99,043,871</b>
<b>Community Based Svcs :</b>									
HCBS-Elderly & Disabled	2,146,932	47,991	2,194,923	131,308		2,326,231	1,000,279		1,325,952
HCBS-MR	5,601,935	125,221	5,727,156	1,721,621		7,448,777	3,202,974		4,245,803
Head Injured	730,730		730,730	1,509,804		2,240,534	963,430		1,277,104
Pre-Screening	98,815		98,815	15,763		114,578	49,269		65,309
<b>Subtotal</b>	<b>8,578,412</b>	<b>173,212</b>	<b>8,751,624</b>	<b>3,378,496</b>	<b>0</b>	<b>12,130,120</b>	<b>5,215,952</b>	<b>0</b>	<b>6,914,168</b>
<b>Total</b>	<b>174,824,809</b>	<b>3,795,163</b>	<b>178,619,972</b>	<b>10,710,098</b>	<b>2,739,000</b>	<b>192,069,070</b>	<b>75,455,170</b>	<b>10,655,861</b>	<b>105,958,039</b>

Federal Mandates Detail

Combine ICF & SNF	1,000,000
24 Hr Nursing Coverage	500,000
Resident Rights	0
Medical Directors	739,000
Medical Assessments	500,000
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	2,739,000

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Topic	Priority	FY 1990		FY 1991	
		SGF	ALL FUNDS	SGF	ALL FUNDS
<b>Cash Assistance</b>					
Fed Mandated Policy Modifications	1	\$593,369	\$1,243,597	\$791,158	\$1,658,129
AFDC State Only Grants	21	\$900,000	\$900,000	\$909,000	\$909,000
<b>Medical Assistance</b>					
Fed Mandated Policy Modifications	2	0	0	\$7,508,838	\$16,040,973
Reinstatement of Deleted Drugs	5	\$921,249	\$2,083,333	\$2,275,008	\$5,000,000
HCA Wesley Rate Review	13	\$155,130	\$293,473	\$140,886	\$266,527
Impact of SB413 in FY 91	14	0	0	\$1,998,373	\$1,998,373
<b>Administration</b>					
Contract Programming and DISC Charges	3	\$0	\$0	\$1,559,077	\$2,958,400
Information Resources Communications	7	\$0	\$0	\$579,700	\$1,100,000
KAECSES Certificate Payments	22	\$0	\$1,405,213	\$0	\$1,405,213
<b>Income Maintenance</b>					
KS Medicaid Mang't Info System	4	\$690,640	\$2,166,262	\$93,303	\$0
Contract w/KS Foundation for Med Care	6	\$210,905	\$584,547	\$0	\$0
S & W Match Rate Error	15	\$83,852	\$0	\$91,384	\$0
Cost Containment Unit	20	\$40,902	\$89,698	\$42,378	\$91,886
<b>Rehabilitation Services</b>					
Purchase of services for the Blind	8	\$21,843	\$104,015	\$64,106	\$291,392
Vending Stands Capital Outlay	16	\$0	\$6,080	\$0	\$67,500
Independent Living	17	\$2,748	\$11,654	\$3,041	\$12,896
DDRS Capital Outlay	18	\$0	\$45,160	\$0	\$27,924
<b>Youth Services</b>					
Fed Match of Family Serv Program	9	\$0	\$622,533	\$0	\$0
Federal Grant Award Increase	10	\$0	\$189,944	\$0	\$0
<b>Adult Services</b>					
Fed Match of HomeCare Services	11	\$0	\$829,929	\$0	\$0
CSBG limit increase	12	\$0	\$164,000	\$0	\$0
<b>Youth Center at Topeka</b>					
Special Education Contract	19	\$0	\$0	\$205,730	\$205,730
<b>GRAND TOTAL</b>		<b>\$3,620,638</b>	<b>\$10,739,438</b>	<b>\$16,261,982</b>	<b>\$32,033,943</b>

Source: SRS Budget Unit CSS

*Draft* HOUSE BILL NO. \_\_\_\_\_

By Committee on Appropriations

AN ACT creating the public-private social and rehabilitation services review commission; prescribing powers, duties and functions therefor.

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

Section 1. (a) There is hereby created the public-private social and rehabilitation services review commission, which shall be referred to in this act as the commission and which shall consist of seven members. Four members shall be appointed as follows: (1) One member shall be appointed by the president of the senate; (2) one member shall be appointed by the minority leader of the senate; (3) one member shall be appointed by the speaker of the house of representatives; and (4) one member shall be appointed by the minority leader of the house of representatives. The four members so appointed shall jointly appoint the remaining three members of the commission.

(b) No person who is a member of the senate or of the house of representatives shall be appointed or shall serve as a member of the commission. No more than four members of the commission may be members of the public sector. As used in this section, "member of the public sector" means a person who is employed, on a full-time basis after completion of such person's formal education by the state, or any agency or authority thereof, or any other unit of government in Kansas or a person who is retired from such employment and who has only been employed by the state, or any agency or authority thereof, or any other unit of government in Kansas, throughout such person's work history.

(c) The members of the commission shall be appointed for terms which shall expire upon the date of expiration of this section. Upon the vacancy of a position on the commission, the

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Attachment 2

vacancy shall be filled in the same manner as the original appointment of or person to such position was made.

(d) The commission shall elect annually a chairperson and vice-chairperson from among its members. The commission shall meet on the call of the chairperson or on the request of four members of the commission. Four members of the commission shall constitute a quorum.

Sec. 2. The commission shall:

(a) Study and evaluate the administrative structure and functioning of the department of social and rehabilitation services, with emphasis on improving the delivery of services for the people of Kansas, and including a comparative review of organizational management models from other states and nations in the delivery of services and the appropriateness of adapting such models to Kansas in any reorganization of the department;

(b) review the effectiveness of the administration of programs and functions of the department of social and rehabilitation services with particular focus on reducing duplication in the delivery of services, improving cooperation among agencies and administrative units in the delivery of services, and improving the utilization of resources through better utilization of matching funds;

(c) review rules and regulations adopted by the secretary of social and rehabilitation services to determine whether such rules and regulations assist or hinder in the administration of programs and functions by the department; and

(d) prepare and submit to the governor, the legislature and the secretary of social and rehabilitation services a report of its findings and recommendations on or before December 15 each year.

Sec. 3. The staff of the office of the revisor of statutes, the legislative research department and the division of legislative administrative services shall provide such assistance as may be requested by the commission and authorized by the legislative coordinating council. The legislative division of

post audit shall provide such assistance as may be requested by the commission and authorized by the legislative post audit committee. Upon request of the commission, the legislative coordinating council may appoint a coordinator to provide primary staff assistance to the commission for the period of its existence. The coordinator shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the legislative coordinating council.

Sec. 4. The members of the commission attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto upon vouchers approved by the chairperson of the commission or a person or persons designated by the chairperson.

Sec. 5. The provisions of sections 1 through 5 shall expire on December 31, 1991.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.