

Approved \_\_\_\_\_

4-30-90

Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at  
Chairperson

11:10 a.m./~~p.m.~~<sup>XX</sup> on MARCH 27, 1990 room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Diane Duffy, Leah Robinson  
Revisor: Norm Furse, Gordon Self  
Committee Staff: Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

HB 2618 - Sub. for H 2618 by Committee on Appropriations - Appropriations for FY 91 for state mental health and mental retardation institutions

OSAWATOMIE STATE HOSPITAL

Senator Doyen reviewed Attachment 1, the FY 90 and FY 91 subcommittee report.

Senator Feleciano inquired about the House recommendation regarding the closing of wards (item 2, Attachment 1-6). It was stated that Osawatomie is planning to close these beds this year. Financial adjustments will be made next fiscal year.

LARNED STATE HOSPITAL

Senator Johnston reviewed the FY 90 and FY 91 subcommittee report, Attachment 2. He stated that the purpose of the community support traveling team (item 1, Attachment 2-3) is to provide services through the community and thereby lower the census at Larned. In answer to a question, he stated that this recommendation would not be inconsistent with the recommendation of the Special Commission on Mental Health for a community based system.

In answer to a question, it was stated that a balance of approximately \$1.4 million will remain in the non Warner pool if all vehicles are purchased. When asked whether unlimited expenditures on vehicles would be the best use of that money, members of the subcommittee stated that with the exception of a washing machine, they were unaware of any demands that would compete for that funding source.

Senator Feleciano questioned when the Committee would address expenditure of the oil overcharge monies. Chairman Bogina stated that he had requested an outline from staff, and the oil overcharge fund would be discussed during the Omnibus. He announced that Senate Ways and Means would meet starting at 10:00 A.M. April 16 and 9:00 A.M. on April 17 to develop the Omnibus bill. The Committee will also meet April 23 and 24 before the veto session begins.

Chairman Bogina called attention to Attachment 3, a document requested from the Department of Health and Environment regarding expenditures for state operations.

SB 763 - Extending for one year transfers from the State Gaming Revenue Fund to the county reappraisal fund

The Chairman asked if the Committee wished to take action on SB 763 which was heard March 23. He reminded the Committee that the bill currently designates percentages to EDIF, Corrections and reappraisal. Chairman Bogina noted that there is a balance of \$3.9 million in the reappraisal fund.

Senator Doyen moved, Senator Gaines seconded, that a fund of \$4 million be established for reappraisal, and that the balance of the state gaming revenue

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS  
123-S 11:10 XX MARCH 27 90  
room \_\_\_\_\_, Statehouse, at \_\_\_\_\_ a.m./p.m. on \_\_\_\_\_, 19\_\_

fund be split with 90% designated to EDIF and 10% to Corrections. Senator Kerr questioned the necessity of this bill because of a \$4 million appropriation previously made to the reappraisal fund. He opposed the motion because of amendment possibilities. Senator Allen stated that he believed the bill would send a positive message to the counties that the state realizes its responsibility of funding the maintenance costs associated with reappraisal. Senator Winter disagreed, saying that the bill has no meaning beyond 1991 and that he believes it is the counties' responsibility to maintain the system.

Senator Doyen withdrew his motion.

Senator Hayden moved to reinstate the motion and to recommend SB 763 as amended favorable for passage. A division of the question was requested.

The motion to amend SB 763 failed on a show of hands.

The motion to recommend SB 763 favorable for passage failed on a show of hands.

The meeting was adjourned.



## SUBCOMMITTEE REPORT

Agency: Osawatomi State Hospital    Bill No. 2729    Bill Sec. 27

Analyst: Porter    Analysis Pg. No. 621    Budget Pg. No. 436

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 16,092,180	\$ 16,006,696	\$ --
General Fees Fund	1,801,342	1,147,310	429,000
Title XIX Fund	2,600,905	2,600,905	--
Other Funds	24,067	24,067	--
Subtotal	\$ 20,518,494	\$ 19,778,978	\$ 429,000
Capital Improvements:			
State Institutions			
Building Fund	\$ 360,079	\$ 365,927	\$ --
GRAND TOTAL	\$ 20,878,573	\$ 20,144,905	\$ 429,000
FTE Positions	647.5	646.5	--
Average Daily Census	345	335*	--

\* The Governor does not recommend an average daily census for the hospital's medical services unit.

### Agency Request/Governor's Recommendation

Osawatomi State Hospital requests a total operating budget of \$20,518,494, the amount approved by the 1989 Legislature. Funding includes \$16,092,180 from the State General Fund, \$1,801,342 from the hospital's fee fund, \$2,600,905 from Title XIX, and \$24,067 from federal Chapter I funds. Osawatomi is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and certified by the Health Care Financing Administration (HCFA) and may receive payments from the Medicare and Medicaid programs. The FY 1990 budget includes 8 new FTE positions approved by the 1989 Legislature, 4 of which (a .5 FTE Psychiatrist, 1 FTE RN III, a .5 FTE Psychologist II, and 1 FTE Secretary I) make up the hospital's community support traveling team. The team travels to community facilities and provides follow-up, consultation, and support services to discharged patients.

The Governor recommends FY 1990 expenditures of \$19,778,978, a decrease of \$739,516 from the agency request. The recommendation includes expenditures of \$16,006,696 from the State General Fund, \$1,147,310 from the hospital fee fund, \$2,600,905 from the Title XIX fund, and \$24,067 from federal Chapter I educational funds. The recommendation reflects reductions of \$85,484 from the State General Fund estimate and \$654,032 from the hospital fee fund estimate.

*SWAM  
March 27, 1990  
Attachment 1*

### House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations, with the following adjustments:

1. Increase the expenditure limitation of the hospital fee fund by \$429,000, from \$1,147,310 to \$1,576,310 for FY 1990. The Subcommittee notes that the Governor's recommendation for operating expenditures of \$19,778,978 is a decrease of \$739,516 from the amount approved by the 1989 Legislature. The Subcommittee was informed that the hospital has taken the following steps to contain expenditures in FY 1990: hiring of all staff with the exception of direct care staff has been delayed for two months; no holiday or overtime pay will be approved for the remainder of the year; travel has been substantially reduced; all unspent capital outlay funds have been frozen; purchasing approval is carefully scrutinized; and an employee awareness program has been implemented to enlist support and assistance in controlling expenditures. Despite these efforts, hospital officials state that they anticipate an FY 1990 shortfall of \$429,000.

The Subcommittee has reviewed year-to-date spending and notes that the hospital projects shortfalls of \$251,702 in salaries and wages, \$73,965 in contractual services, and \$153,164 in commodities. Areas in which the hospital projects expenditures significantly above those recommended by the Governor include fees for professional services, food, repairs, and maintenance materials, supplies, and parts, all of which the Subcommittee notes are essential for patient care or for maintenance of certification. In addition, the hospital estimates that it will pay \$53,860 in unbudgeted retirement pay in FY 1990.

The hospital projects FY 1990 fee collections of \$2,754,822, an increase of \$808,715 above the \$1,946,107 projected by the Governor. After adjusting for FY 1990 refunds, the hospital projects an FY 1990 ending balance of \$857,261, an increase of \$359,715 above the \$497,546 ending balance recommended by the Governor.

### House Committee Recommendation

The House Committee concurs with the recommendation of the House Subcommittee.

### House Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>House Adj. FY 90</u>	<u>House Rec. FY 90</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 429,000	\$ 20,207,978	\$ 225,032
Capital Improvements	--	365,927	--
Total	<u>\$ 429,000</u>	<u>\$ 20,573,905</u>	<u>\$ 225,032</u>
State General Fund:			
State Operations	\$ --	\$ 16,006,696	\$ --
Capital Improvements	--	--	--
Total	<u>\$ --</u>	<u>\$ 16,006,696</u>	<u>\$ --</u>
FTE Positions	--	646.5	--

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following adjustments:

1. Increase the expenditure of the hospital's fee fund by \$225,032, from \$1,576,310, as recommended by the House, to \$1,801,342. The Subcommittee notes that the recommended fee fund limitation of \$1,801,342 is the amount approved by the 1989 Legislature and that the hospital projects that it will have adequate collections in FY 1990 to fund the expenditure limitation increase and carry forward \$632,399 into FY 1991, which is \$134,683 more than the \$497,546 carry forward amount recommended by the Governor.

Of the recommended increase, \$139,023 is for salaries and wages. This includes \$109,023 to meet the hospital's projected shortfall in salaries and wages, including filling vacant RN positions, and \$30,000 to fund fourteen direct care trainees for the remainder of FY 1990. The Subcommittee was informed that, although these positions were not requested from the House Subcommittee, hospital officials have recently received additional information regarding the JCAHO and HCFA surveys which are scheduled for May 1990 and summer 1990. Hospital officials believe that, without this additional staffing, the hospital will lose JCAHO accreditation and will be decertified by HCFA.

The remaining \$86,009 is for other operating expenses, including \$6,918 for communications, \$32,999 for fees for other services, \$41,156 for professional supplies, and 4,936 for office supplies.

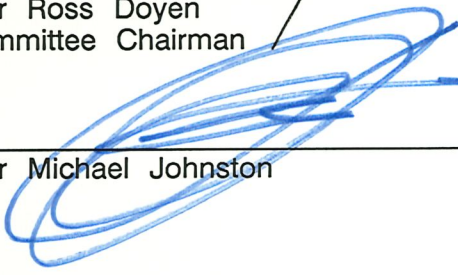
*Ross Doyen*

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Senator Ross Doyen  
Subcommittee Chairman

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Senator Michael Johnston



**SUBCOMMITTEE REPORT**

Agency: Osawatomie State Hospital    Bill No. 2618    Bill Sec. 2  
 Analyst: Porter    Analysis Pg. No. 621    Budget Pg. No. 436

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 14,539,644	\$ 15,149,606	\$ --
General Fees Fund	2,512,640	2,361,172	285,163
Title XIX Fund	5,236,582	3,087,124	--
Other Funds	<u>52,855</u>	<u>52,855</u>	--
Subtotal	\$ 22,341,721	\$ 20,650,757	\$ 285,163
Capital Improvements:			
State Institutions			
Building Fund	\$ 87,600	\$ 0	\$ 0
GRAND TOTAL	<u>\$ 22,429,321</u>	<u>\$ 20,650,757</u>	<u>\$ 285,163</u>
FTE Positions	675.5	646.5	26
Average Daily Census	345	335*	--

\* The Governor does not recommend an average daily census for the hospital's medical services unit.

**Agency Request/Governor's Recommendation**

The hospital requests a total operating budget of \$22,341,721 in FY 1991, an increase of \$1,823,227 (8.9 percent) over the FY 1990 estimate. Of the increase, 76.9 percent is attributable to salaries and wages, 9.9 percent to capital outlay, 4.7 percent to the education contract, 2.4 percent to utilities, and 6.1 percent to other operating expenditures. The request includes funding of 675.5 FTE positions, an increase of 28 positions. The new positions requested for FY 1991 include six RN III positions, ten Mental Health Aide positions, ten Licensed Mental Health Technician I (LMHT) positions, and two Social Worker III positions. The funding request includes \$14,539,644 from the State General Fund, \$2,512,640 from the hospital's fee fund, \$5,236,582 from Title XIX, and \$52,855 from federal Chapter I and other educational funds. The amount requested from Title XIX represents a significant increase from previous years. A large portion of the increase is due to SRS's expectation that the state's mental health hospitals will qualify for "disproportionate share" money. The expected increase is the result of a change in federal Medicaid law effective July 1, 1988, which directs the states to make extra Medicaid payments to hospitals serving a disproportionate share of Medicaid and low-income patients.

The Governor recommends FY 1991 expenditures of \$20,650,757, a decrease of \$1,690,964 from the agency's request. The recommendation reflects an increase of \$609,962 from the agency request from the State General Fund and decreases of \$151,468 from the hospital fee fund and \$2,149,458 from the Title XIX fund. The Title XIX recommendation does not reflect expenditures of disproportionate share funds.

*SWAM  
 March 27, 1990  
 Attachment 1-5*



## House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendations, with the following adjustments:

1. Increase the expenditure limitation of the hospital fee fund by \$285,163 and add 26.0 limited term FTE positions, including 6.0 RN III positions, 10.0 Mental Health Aid positions, and 10.0 Licensed Mental Health Technician (LMHT) positions. The amount recommended would fund the positions for six months and includes a 6.3 percent turnover rate. The Subcommittee was informed that Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) surveyors noted a deficiency in the number of registered nurses on duty in both a May 1988 survey and a follow-up June 1989 survey. Health Care Financing Administration (HCFA) surveyors cited a deficiency in the nurse staffing pattern at all levels (Mental Health Aid, LMHT, and RN) in an August 1989 survey. The Subcommittee reviewed survey reports and concurs with the hospital's assessment that these positions are essential to retain accreditation and certification and avoid a potential revenue loss of approximately \$4,000,000.

The Subcommittee notes that this recommendation is consistent with the tentative recommendations of the Subcommittee reviewing H.B. 2586, the Mental Health Reform Act. Addition of these positions on a temporary basis will allow the hospital to retain certification and accreditation. The recommendation also allows for a reduction in staffing once federal surveys are completed and the hospital proceeds with its plan for reducing the hospital's rated bed capacity.

2. The majority of the Subcommittee recommends that the hospital consider closing that portion of the Adult Psychosocial Program housed in the Adair Lodge buildings. These three buildings house a total of 22 patients, yet require substantial staffing because the 22 patients are located in the three separate buildings of the Lodge. As the hospital proceeds with its planned reduction in rated bed capacity, the Subcommittee recommends that the closing of these wards be given priority.
3. The Subcommittee notes that the hospital has a 45-bed, 30-day inpatient substance abuse treatment program. FY 1990 staffing includes 38.0 FTE positions and the Governor recommends FY 1990 expenditures of \$1,094,943. It appears to the Subcommittee that the majority of these patients could be treated in community settings and that closing the unit would provide further momentum for the implementation of mental health reform. Although time constraints prohibited further study of this issue, the Subcommittee requests that the Senate Subcommittee give further consideration to this proposal.
4. Add a no-limit appropriation for special oil overcharge funds to purchase vehicles for patient transportation. This no-limit appropriation was approved for FY 1990 with the expectation that the agency would receive funds administered by the U.S. Department of Energy from the second stage oil overcharge program for the energy conservation-related

projects and equipment purchases. The Subcommittee was informed that the agency has worked with the Kansas Corporation Commission in submitting an application for the federal funds and that it appears likely the agency will receive funds in FY 1990. However, should the agency need expenditure authority in FY 1991, the Subcommittee recommends that the no-limit appropriation be available in FY 1991.

**House Committee Recommendation**

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

1. The Committee requests that the Senate Subcommittee review and compare staffing patterns at all mental health hospitals.
2. The Committee concurs with the Governor's recommendation which increases licensed practical nurse (LPN) salaries to range 18 and establishes a senior class of LPNs at range 20. The Committee notes that funding totaling \$465,000 was originally included in the Department of Administration's budget for LPN increases. However, this appropriation was deleted from the Department of Administration budget by the full Committee. The Committee recommends that this issue be reviewed by the Second House.
3. Add a proviso to the oil overcharge -- second stage refund program fund stating that expenditures from the fund for acquisition of vehicles shall not exceed the amount requested for vehicles in the agency's C level budget for FY 1991.

**House Committee of the Whole Recommendation**

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

<u>Expenditure Summary</u>	<u>House Adj. FY 91</u>	<u>House Rec. FY 91</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 285,163	\$ 20,935,920	\$ 954,062
Capital Improvements	--	--	--
Total	<u>\$ 285,163</u>	<u>\$ 20,935,920</u>	<u>\$ 954,062</u>
State General Fund:			
State Operations	\$ --	\$ 15,149,606	\$ 954,062
Capital Improvements	--	--	--
Total	<u>\$ --</u>	<u>\$ 15,149,606</u>	<u>\$ 954,062</u>
FTE Positions	26	672.5	--

## Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following adjustments:

1. The Senate Subcommittee concurs with the recommendation of the House to add 26.0 FTE limited term employees in order to retain accreditation and certification, but recommends that the positions be funded with \$285,163 from the State General Fund rather than the hospital's fee fund. The Subcommittee notes that the House recommendation was based on a significant fee fund carry forward balance from FY 1990 into FY 1991. However, the Senate Subcommittee's recommendation to increase the fee fund limitation in FY 1990 reduces the amount of the fee fund carry forward balance into FY 1991 and, the Subcommittee believes, makes State General Fund financing necessary.
2. Decrease the hospital fee fund expenditure limitation by \$214,837 and add \$214,837 from the State General Fund. The Subcommittee notes that, although the hospital is experiencing increased fee fund receipts in FY 1990, hospital officials do not anticipate that fee fund collections will continue at the same high rate in FY 1991. This recommendation, together with the above recommendation to fund the new positions from the State General Fund rather than from the hospital fee fund, reduces the FY 1991 hospital fee fund limitation from \$2,646,335 to \$2,146,335. The Subcommittee notes that this figure is more consistent with the FY 1990 expenditure limitation of \$1,801,342 and the FY 1989 expenditure limitation of \$1,978,810.
3. Add \$250,000 from the State General Fund for salaries and wages in FY 1991. The Subcommittee notes that this recommendation decreases the hospital's turnover rate from 6.26 percent, as recommended by the Governor, to 4.94 percent, which the hospital and the Subcommittee believe to be a more realistic rate based on FY 1990 year-to-date turnover.
4. Add \$200,000 from the State General Fund for other operating expenses in FY 1991. The Subcommittee notes that the Governor's recommendation of \$2,954,439 for other operating expenses is a decrease of \$729,929 from the agency request of \$3,684,368 and that the recommended \$200,000 does not fully restore the agency request.
5. Delete the proviso limiting the agency's expenditures from the oil overcharge - second stage refund program fund to the amount requested for vehicles in the agency's C level budget for FY 1991. The Subcommittee notes that the mental health hospitals have no-limit funds for the oil overcharge funds in FY 1990. The House Subcommittee added no-limit funds for FY 1991 in case the funds are not received from the federal government until FY 1991. The Subcommittee further notes that the mental health hospitals' FY 1991 C level requests for vehicles were based on the expectation that the federal funding would be forthcoming and that state funding for these vehicles would not be necessary in FY 1991.

The Subcommittee has studied the amounts available to the state from oil overcharge funds and the potential uses for these funds. The Subcommittee notes that available funding is more than sufficient to meet the requests of the mental health hospitals.

6. Delete the expenditure limitation from the Osawatomie State Hospital Elementary and Secondary Education Fund -- Federal and establish the fund as a no-limit fund. The Subcommittee was informed that the funds, which are common to the mental health, mental retardation, and youth center facilities, contain federal education funds which must be returned to the federal government if they are not spent within the time allowed by the federal government, which is usually the federal fiscal year. From time to time, additional federal funding becomes available or funding allocated to one school cannot be expended at that school. Establishing the funds as no-limit funds would allow the expenditure of additional federal funds received and would allow the transfer of funds between facilities to prevent the loss of federal funds.
7. Add \$4,062 from the State General Fund for Licensed Practical Nurse salary upgrades. This funding was contained in the Department of Administration budget, but the House Subcommittee recommended removing the funds from the Department of Administration budget and including the funds in the agency budgets.

  
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Senator Ross Doyen  
Subcommittee Chairman

  
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Senator Michael Johnston

## SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 2729

Bill Sec. 26

Analyst: Porter

Analysis Pg. No. 612

Budget Pg. No. 394

<u>Expenditure Summary</u>	<u>Agency Req. FY 90</u>	<u>Governor's Rec. FY 90</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 26,499,564	\$ 25,932,059	\$ --
General Fees Fund	1,935,331	1,935,331	245,411
Title XIX Fund	1,281,249	1,138,543	--
Other Funds	68,400	68,400	--
Subtotal	<u>\$ 29,784,544</u>	<u>\$ 29,074,333</u>	<u>\$ 245,411</u>
<b>Capital Improvements:</b>			
State Institutions			
Building Fund	\$ 1,433,675	\$ 798,234	\$ --
State General Fund	--	--	--
Subtotal	<u>\$ 1,433,675</u>	<u>\$ 798,234</u>	<u>\$ --</u>
<b>GRAND TOTAL</b>	<u><b>\$ 31,218,219</b></u>	<u><b>\$ 29,872,567</b></u>	<u><b>\$ 245,411</b></u>
FTE Positions	937.1	936.1	--
Average Daily Census	535	520*	--

\* The Governor does not recommend an average daily census for the hospital's 15-bed adult admissions unit.

### Agency Request/Governor's Recommendation

Larned State Hospital estimates FY 1990 operating expenditures to be \$29,784,544, an increase of \$291,937 from the amount appropriated by the 1989 Legislature. Funding includes \$26,499,564 from the State General Fund, \$1,935,331 from Larned's fee fund, \$1,281,249 from federal Title XIX funds, and \$68,400 from federal Chapter I funds. The \$291,937 supplemental request would be financed from the State General Fund and is intended to fund a portion of the hospital's estimated \$651,054 salaries and wages shortfall, which the hospital attributes to physician salary adjustments, longevity pay, and other factors.

Only a portion of the hospital is certified by the federal Health Care Financing Administration (HCFA) and is eligible to receive full federal Medicare and Medicaid funding. Following a March 4, 5, and 6, 1987, survey, HCFA officials found that, while many program elements were of high quality, there was an insufficient number of Registered Nurses (RNs) at the hospital. The hospital was found to be out of compliance with respect to nursing services. In response to the deficiency, the hospital requested 25 RNs for the required plan of correction. Governor's Budget Amendment No. 4 recommended the addition of seven RNs and the 1987 Legislature concurred. On March 28 and 29, 1987, surveyors returned to Larned, conducted a revisit survey, and found that the hospital continued to be out of compliance in the area of nurse staffing. Larned received notification that the hospital would be decertified as of October 30,

*SWAM  
March 27, 1990  
Attachment 2*

1987, and therefore would lose all federal Medicare and Medicaid funds. In an attempt to retain certification for the units of the hospital which generate the majority of the Medicare and Medicaid funds (i.e., the 15-bed admissions unit, the 24-bed Adult Individual Modification Unit, the 17-bed children's unit, and the 26-bed adolescent unit), the hospital shifted 13 RNs from other areas of the hospital to these four units. A HCFA survey team returned to Larned for a special revisit and certified the four units as a "distinct part" of the hospital which is eligible for Medicare and Medicaid funding. A HCFA survey team returned to Larned in September 1988 and surveyed only the four-unit "distinct part." The same four units were recertified.

The hospital anticipates that its new 90-bed Adult Treatment Facility will be completed and ready for patient occupancy in February or March, 1990. The facility will replace Rush and Pinel Buildings, which have housed the hospital's adult patients. The hospital plans, on a temporary basis, to use Rush Building for adolescent programs and will use Pinel Building for Youth Center at Larned (YCAL) programs.

The Governor recommends an FY 1990 total operating budget of \$29,074,333, a decrease of \$710,211 from the agency estimate and a decrease of \$418,274 from the amount approved for FY 1990 by the 1989 Legislature. The recommendation includes funding of \$25,932,059 from the State General Fund, \$1,935,331 from the hospital fee fund, \$1,138,543 from the Title XIX fund, and \$68,400 from federal Chapter I funds.

#### House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Increase the expenditure limitation of the hospital fee fund by \$245,411, from \$1,935,331 to \$2,180,742. The Subcommittee notes that the Governor's recommendation of \$29,074,333 for FY 1990 operating expenditures is a decrease of \$710,211 from the agency estimate and a decrease of \$418,274 from the amount approved by the 1989 Legislature. Although the hospital has taken steps to contain expenditures for FY 1990, the Subcommittee concurs with the agency that essential services will be jeopardized without the fee fund increase. Included in the \$245,411 fee fund expenditure limitation increase is \$31,708 for food for the hospital's patients, \$25,647 for pharmaceutical and lab supplies, and \$188,560 for contractual services. Items included in contractual services are \$57,138 for utilities and \$85,258 for outside hospitalizations at other facilities. A single outside hospitalization for which the agency is financially responsible is projected to cost \$66,883. The Subcommittee has studied year-to-date expenditures and concludes that this recommendation is warranted.

The Subcommittee further notes that the hospital projects fee fund collections of \$1,716,039, an increase of \$86,489 above the \$1,629,550 recommended by the Governor. In addition, the hospital has received Medicare settlements totaling \$243,378 in FY 1990. These amounts total \$329,867, which is \$84,456 more than the recommended increase.

**House Committee Recommendation**

The House Committee concurs with the recommendation of the House Subcommittee.

**House Committee of the Whole**

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

<u>Expenditure Summary</u>	<u>House Adj. FY 90</u>	<u>House Rec. FY 90</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 245,411	\$ 29,319,744	\$ --
Capital Improvements	--	798,234	--
TOTAL	<u>\$ 245,411</u>	<u>\$ 30,117,978</u>	<u>\$ --</u>
State General Fund:			
State Operations	\$ --	\$ 25,932,059	\$ --
Capital Improvements	--	--	--
TOTAL	<u>\$ --</u>	<u>\$ 25,932,059</u>	<u>\$ --</u>
FTE Positions	--	936.1	5.0

**Senate Subcommittee Recommendation**

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

1. Add 5.0 FTE positions to establish a community support traveling team. The team would be comprised of 1.0 FTE Psychiatrist, 1.0 FTE Psychologist II, 1.0 FTE RN III, 1.0 FTE Social Worker III, and 1.0 FTE Secretary I who would travel to community facilities and provide follow-up, consultation, and support services to discharged patients. In addition, the community support team would consult with staff at intermediate care facilities, community mental health centers, and group homes to resolve problems and would provide in-service training to staff members of the community facilities. The Subcommittee recommends that the hospital have this 5.0 FTE limitation increase in FY 1990 but does not recommend funding for the positions until FY 1991. The Subcommittee believes that this will allow the hospital to begin recruiting candidates for these positions.

The Subcommittee notes that a community support traveling team was added to the Osawatomie State Hospital budget for FY 1990 and that Osawatomie State Hospital officials have stated that the team has been successful in establishing and maintaining community placements.

The position limitation should include a proviso stating that, when the hospital's average daily census has decreased to the point where hospital staffing can be decreased, 5.0 positions shall be deleted from the hospital's FTE limitation.

  
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Senator Ross O. Doyen  
Subcommittee Chairperson

  
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Senator Michael Johnston



**SUBCOMMITTEE REPORT**

**Agency:** Larned State Hospital

**Bill No.** 2618

**Bill Sec.** 2

**Analyst:** Porter

**Analysis Pg. No.** 612

**Budget Pg. No.** 394

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Governor's Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 23,003,051	\$ 24,439,548	\$ --
General Fees Fund	2,497,632	1,790,316	84,456
Title XIX Fund	6,545,213	4,075,377	--
Other Funds	<u>93,329</u>	<u>93,329</u>	--
Subtotal	<u>\$ 32,139,225</u>	<u>\$ 30,398,570</u>	<u>\$ 84,456</u>
<b>Capital Improvements:</b>			
State Institutions			
Building Fund	\$ 1,015,000	\$ --	\$ --
State General Fund	<u>--</u>	<u>--</u>	<u>--</u>
Subtotal	<u>\$ 1,015,000</u>	<u>\$ --</u>	<u>\$ --</u>
<b>GRAND TOTAL</b>	<u><b>\$ 33,154,225</b></u>	<u><b>\$ 30,398,570</b></u>	<u><b>\$ 84,456</b></u>
 FTE Positions	 969.1	 936.1	 --
Average Daily Census	535	520*	--

\* The Governor does not recommend an average daily census for the hospital's 15-bed adult admissions unit.

**Agency Request/Governor's Recommendation**

The agency requests an FY 1991 operating budget of \$32,139,225, an increase of \$2,646,618, or 9 percent, over the approved FY 1990 budget. Of the increase, \$2,004,674 or 75.7 percent, is attributable to salaries and wages. The hospital requests 32 new positions, including 26 Licensed Mental Health Technician I (LMHT) positions, an Alcoholism Counselor, 2 Secretary I positions, 1 General Maintenance and Repair Technician position, a Secretary II position, and a Vocational Instructor. The funding request includes \$23,003,051 from the State General Fund, \$2,497,632 from the hospital's fee fund, \$6,545,213 from Title XIX, and \$93,329 from federal Chapter I and other federal education funds. The amount requested from Title XIX represents a significant increase from previous years. A large portion of the increase is due to SRS's expectation that the state's mental health hospitals will qualify for "disproportionate share" money. The expected increase is the result of a change in federal Medicaid law effective July 1, 1988, which directs the states to make extra Medicaid payments to hospitals serving a disproportionate share of Medicaid and low-income patients.

The Governor recommends FY 1991 expenditures of \$30,398,570, a decrease of \$1,740,655 from the agency request. The Governor does not recommend the additional positions requested by the agency. Included in the recommendation is funding of \$24,439,548 from the State General Fund, a decrease of \$1,436,497 from the agency request; \$1,790,316 from the hospital fee fund, a decrease of \$707,316 from the agency

request; \$4,075,377 from the Title XIX fund, a decrease of \$2,469,836 from the request; and \$93,329 from federal educational funds, as requested.

### House Subcommittee Recommendations

The House Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Increase the expenditure limitation of the hospital fee fund by \$84,456, from \$1,790,316 to \$1,874,772. The Governor's recommendation of \$30,398,570 for FY 1991 operating expenditures is a decrease of \$1,740,655 from the agency request. The Subcommittee notes that, although the recommended increase is far below the agency request, the hospital can attempt to reduce expenditures to stay within the recommendations. The recommended increase is for utilities. Based on FY 1990 year-to-date expenditures and projected usage at the new facility, the hospital anticipates a shortfall of \$172,173 for utilities in FY 1991. The Subcommittee notes that the hospital has projected that the FY 1991 beginning balance of the fee fund will be \$84,456 more than the beginning balance recommended by the Governor.
2. The Subcommittee was informed that the hospital is experiencing an increasing number of court-ordered admissions of mentally retarded persons. The hospital does not have the appropriate programs or staff training to address the needs of these patients and the hospital's average daily census is adversely affected by these admissions. The Subcommittee recommends that SRS develop a mechanism through which appropriate referrals to mental retardation facilities are expedited. The issue could be addressed through rules and regulations or through legislation.
3. Add a no-limit appropriation for special oil overcharge funds to purchase vehicles for patient transportation. This no-limit appropriation was approved for FY 1990 with the expectation that the agency would receive funds administered by the U.S. Department of Energy from the second stage oil overcharge program for the energy conservation-related projects and equipment purchases. The Subcommittee was informed that the agency has worked with the Kansas Corporation Commission in submitting an application for the federal funds and that it appears likely the agency will receive funds in FY 1990. However, should the agency need expenditure authority in FY 1991, the Subcommittee recommends that the no-limit appropriation be available in FY 1991.

### House Committee Recommendation

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

1. The Committee concurs with the Governor's recommendation which increases licensed practical nurse (LPN) salaries to range 18 and establishes a senior class of LPNs at range 20. The Committee notes that funding totaling \$465,000 was originally included in the Department

of Administration's budget for LPN increases. However, this appropriation was deleted from the Department of Administration budget by the full Committee. The Committee recommends that this issue be reviewed by the Second House.

2. Add a proviso to the Oil Overcharge -- Second Stage Refund Program Fund stating that expenditures from the fund for acquisition of vehicles shall not exceed the amount requested for vehicles in the agency's C level budget for FY 1991.

**House Committee of the Whole Recommendation**

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

<u>Expenditure Summary</u>	<u>House Adj. FY 91</u>	<u>House Rec. FY 91</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 84,456	\$ 30,483,026	\$ 356,886
Capital Improvements	--	--	--
Total	<u>\$ 84,456</u>	<u>\$ 30,483,026</u>	<u>\$ 356,886</u>
State General Fund:			
State Operations	\$ --	\$ 24,439,548	\$ 356,886
Capital Improvements	--	--	--
Total	<u>\$ --</u>	<u>\$ 24,439,548</u>	<u>\$ 356,886</u>
FTE Positions	--	936.1	--

**Senate Subcommittee Recommendation**


The Senate Subcommittee concurs with the recommendation of the House Committee of the Whole with the following adjustments:

1. Add \$100,000 from the State General Fund for salaries and wages in FY 1991. The Subcommittee notes that the Governor's recommendation of \$26,826,587 is a reduction of \$1,093,284 from the agency request. The additional funding would reduce the hospital's turnover rate from 4.98 percent, as recommended by the Governor, to 4.63 percent. The Subcommittee notes that the hospital requested a turnover rate of 4.2 percent.
2. Add \$50,000 from the State General Fund for other operating expenses, including capital outlay and fees for other services, in FY 1991. The Subcommittee notes that the Governor's recommendation for capital outlay in FY 1991 is \$50,000, a decrease of \$361,145 from the agency request. According hospital officials, the funding for fees for other services would provide funding for pest control services and refuse collection for the hospital.

3. Add \$193,299 from the State General Fund to fund the community support traveling team established in FY 1991. Salaries for the 1.0 FTE Psychiatrist, 1.0 FTE Psychologist II, 1.0 RN III, 1.0 Social Worker II, and 1.0 Secretary I include a 5.0 percent turnover rate. Also included is \$2,500 for travel expenses and \$1,799 for a portable computer.
4. Delete the proviso limiting the agency's expenditures from the oil overcharge - second stage refund program fund to the amount requested for vehicles in the agency's C level budget for FY 1991. The Subcommittee notes that the mental health hospitals have no-limit funds for the oil overcharge funds in FY 1990. The House Subcommittee added no-limit funds for FY 1991 in case the funds are not received from the federal government until FY 1991. The Subcommittee further notes that the mental health hospitals' FY 1991 C level requests for vehicles were based on the expectation that the federal funding would be forthcoming and that state funding for these vehicles would not be necessary in FY 1991.

The Subcommittee has studied the amounts available to the state from oil overcharge funds and the potential use for these funds. The Subcommittee notes that available funding is more than sufficient to meet the requests of the mental health hospitals.

5. Delete the expenditure limitation from the Larned State Hospital Elementary and Secondary Education Fund -- Federal and establish the fund as a no-limit fund. The Subcommittee was informed that the funds, which are common to the mental health, mental retardation, and youth center facilities, contain federal education funds which must be returned to the federal government if they are not spent within the time allowed by the federal government, which is usually the federal fiscal year. From time to time, additional federal funding becomes available or funding allocated to one school cannot be expended at that school. Establishing the funds as no-limit funds would allow the expenditure of additional federal funds received and would allow the transfer of funds between facilities to prevent the loss of federal funds.
6. Add \$13,587 from the State General Fund for Licensed Practical Nurse salary upgrades. This funding was contained in the Department of Administration budget, but the House Subcommittee recommended removing the funds from the Department of Administration budget and including the funds in the agency budgets.

  
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Senator Ross O. Doyen  
Subcommittee Chairman

  
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Senator Michael Johnston

Aid To Counties: Description	Total FY 90	SGF	PH	MCH	Other SP. Rev.	Total FY 91	SGF	PH	MCH	Other SP. Rev.
Food Service Inspection	195,000				195,000	195,000				195,000
Local Air Quality Regulation	50,000				50,000	50,000				50,000
Environmental Protection Grant	1,223,290				1,223,290	1,798,512	250,000			1,548,512
VD Control	201,811				201,811	160,000				160,000
WIC	2,811,397				2,811,397	3,403,838				3,403,838
Commodity Supplemental Food	54,166				54,166	71,917				71,917
State Legalization Impact	55,000				55,000	55,000				55,000
Title X Family Planning	761,866				761,866	761,866				761,866
Refugee Health Grant	52,072				52,072	52,072				52,072
AIDS Proj.-Ed. and Risk Reduct	678,187	271,000			407,187	496,000	271,000			225,000
Prenatal Care Collaborative	1,282,056	700,000		582,056		1,289,064	700,000		589,064	
Maternal and Child Health	705,607			705,607		705,607			705,607	
MCH Primary Care	27,783			27,783		169,563			169,563	
Lively	164,007		164,007			150,800		150,800		
Local Hazardous Waste Collecti	150,000	150,000				150,000				150,000
Sed. C. Infant Mort. Proj.	40,000	40,000				40,000	40,000			
Child Care Lic. Insp.	192,500	192,500				240,625	240,625			
General Public Health Prog.	2,024,130	2,024,130				2,024,130	2,024,130			
Health Start/Home Visitor	463,584	236,505	100,556	126,523		456,348	236,505	100,556	119,287	
Healthy Families & Young Child	72,227				72,227	62,000				62,000
Adult Care Home Visitation	65,000	65,000				65,000	65,000			
Adolescent Health Care Promoti	200,000	100,000		100,000		200,000	200,000			
Ks. Water Pol. Rev. Fund-Bonds	2,891,208				2,891,208	3,500,000				3,500,000
Ks. Water Pol. Rev. Fund-Fed.	14,159,808				14,159,808	16,800,000				16,800,000
	28,520,699	3,779,135	264,563	1,541,969	22,935,032	32,897,342	4,027,260	251,356	1,583,521	27,035,205
Other Aid & Assistance:										
Migrant Health Program	85,350				85,350	232,000				232,000
Home Visitor/Healthy Start	8,680			8,680		15,916		15,916		
Prenatal Care Collaborative	99,208			99,208		67,992		67,992		
WIC	377,139				377,139	390,360				390,360
Commodity Supplemental Fund	27,083				27,083	37,559				37,559
Health & Prevention Projects	92,113		42,113	50,000		90,667		42,113	48,554	
Title X Family Planning	54,700				54,700	54,700				54,700
	744,273	0	42,113	157,888	544,272	889,194	0	42,113	132,462	714,619
Other Assist., Grants, Benefits										
WIC	15,066,414				15,066,414	21,477,000				21,477,000
Grand Total	44,331,386	3,779,135	306,676	1,699,857	38,545,718	55,263,536	4,027,260	293,469	1,715,983	49,228,824

SWAM  
 March 27, 1990  
 Attachment 3

MATERNAL AND CHILD HEALTH BLOCK GRANT (3616)

PROGRAM SFY 91

NO.	ST OPER	AID/CO	O. ASST	PRIMARY	TOTAL	Salaries	Other Op
0121					0		
0210	62,481				62,481	62,276	203
0220	47,920				47,920	11,189	36,631
0230	66,467				66,467	43,593	22,874
3000		1,413,958		169,563	1,583,521		
3100			132,462		132,462		
6000	118,166				118,166	93,356	24,810
6220	251,848				251,848	207,233	44,615
6320	16,367				16,367	16,367	
7110	1,589,249				1,589,249	239,156	1,350,093
7120	13,559				13,559	13,559	0
7150	190,859				190,859	182,193	8,666
TOTAL	2,356,816	1,413,958	132,462	169,563	4,072,799	868,924	1,487,892

MATERNAL AND CHILD HEALTH BLOCK GRANT (3616)

PROGRAM SFY 88

PROGRAM NO.	ST OPER	AID/CO	O. ASST	PRIMARY	TOTAL	Salaries	Other Op
0121	65,447				65,447		65,447
0210	54,155				54,155	51,409	2,746
0220	47,501				47,501	6,168	4,133
0230	42,111				42,111	18,816	23,295
3000		1,364,125			1,364,125		
3100			86,047		86,047		
6220	235,464				235,464	183,467	51,997
6320	16,596				16,596	16,596	
7010	155,683				155,683	104,186	51,497
7110	1,484,149				1,484,149	167,508	1,316,841
7120	9,204				9,204	9,024	180
7130	305,916				305,916	92,440	213,476
TOTAL	2,416,226	1,364,125	86,047		3,866,398	649,414	1,729,612

PROGRAM SFY 89

PROGRAM NO.	ST OPER	AID/CO	O. ASST	PRIMARY	TOTAL	Salaries	Other Op
0121					0		0
0210	62,334				62,334	62,054	280
0220	47,259				47,259	11,310	35,949
0230	57,267				57,267	45,902	11,365
3000		1,567,086		27,781	1,594,867		
3100			80,042		80,042		
6000	110,765				110,765	90,131	20,634
6220	329,606				329,606	261,554	68,052
6320	162,676				162,676	18,676	144,000
7110	1,429,118				1,429,118	93,274	1,335,844
7120	9,794				9,794	9,494	300
7130	388,836				388,836	171,830	217,006
TOTAL	2,597,655	1,567,086	80,042	27,781	4,272,564	764,225	1,833,430

PROGRAM SFY 90

PROGRAM NO.	ST OPER	AID/CO	O. ASST	PRIMARY	TOTAL	Salaries	Other Op
0121					0		
0210	64,663				64,663	61,666	2,997
0220	47,820				47,820	11,189	36,631
0230	66,467				66,467	39,267	27,200
3000		1,514,186		27,783	1,541,969		
3100			157,888		157,888		
6000	119,925				119,925	95,115	24,810
6220	251,331				251,331	206,716	44,615
6320	49,861				49,861	15,861	34,000
7110	1,452,412				1,452,412	271,599	1,180,813
7120	12,083				12,083	11,783	300
7130	193,703				193,703	188,112	5,591
TOTAL	2,258,265	1,514,186	157,888	27,783	3,958,122	901,308	1,356,957

*PH-3614*

PROGRAM NO.	SFY 91 ST OPER	AID/CO	D. ASST	NON-REPT	TOTAL	Salaries	Other Op
0121	9,280				9,280		9,280
0230	53,110				53,110	26,156	26,954
3000		251,356			251,356		
3100			42,113		42,113		
6000	285,676				285,676	259,879	25,797
6320	91,229				91,229	0	91,229
<b>TOTAL</b>	<b>439,295</b>	<b>251,356</b>	<b>42,113</b>	<b>0</b>	<b>732,764</b>	<b>286,035</b>	<b>153,260</b>



PREVENTIVE HEALTH BLOCK GRANT (3614)

PROGRAM SFY 88

NO.	ST OPER	AID/CO	O. ASST	NON-REPT	TOTAL	Salaries	Other Op
0121	17,975				17,975		17,975
0230	72,552				72,552	33,930	38,622
3000		408,971			408,971		
3100			34,816		34,816		
7010	273,248				273,248	187,867	85,381
8410	3,315				3,315		3,315
8420	41,185				41,185		41,185
8430	36,841				36,841		36,841
TOTAL	445,116	408,971	34,816	0	888,903	221,797	225,319

PROGRAM SFY 89

NO.	ST OPER	AID/CO	O. ASST	NON-REPT	TOTAL	Salaries	Other Op
0121					0		0
0230	69,931				69,931	43,302	26,629
3000		329,714			329,714		
3100			11,000		11,000		
6000	290,791				290,791	254,234	36,557
6311	20,887				20,887	20,887	
8410	3,310				3,310		3,310
8420	41,001				41,001		41,001
8430	37,393				37,393		37,393
TOTAL	463,313	329,714	11,000	0	804,027	318,423	144,890

PROGRAM SFY 90

NO.	ST OPER	AID/CO	O. ASST	NON-REPT	TOTAL	Salaries	Other Op
0121					0		
0230	53,110				53,110	23,560	29,550
3000		264,563			264,563		
3100			42,113		42,113		
6000	290,570				290,570	264,773	25,797
6311	22,745				22,745	22,745	
8420	42,344				42,344		42,344
8430	35,420				35,420		35,420
TOTAL	444,189	264,563	42,113	0	750,865	311,078	133,111