

Approved: 5-31-91
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 12:15 p.m. on April 4, 1991 in room 514-S of the Capitol.

All members were present except: All present

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Susan Miller, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Others attending: see attached list.

SB 162 - Appropriations for FY92, SRS and state mental health and mental retardation institutions.

LARNED STATE HOSPITAL

Representative Helgerson reviewed the FY91 and FY92 subcommittee reports (Attachment 1). In response to a question, Representative Helgerson indicated the hospital collections shortfalls will continue to be a problem because of restrictions imposed by HMO plans. Additional factors contributing to the shortfall are utilization review, lack of standards in system practices and the issue of private facilities turning out patients into the state system when their insurance runs out. The goal of the recommended legislation regarding insurance reimbursement at the state hospitals is to ensure that the state hospitals collect the same payments the private sector receives.

The deletion of the Substance Abuse Program at Larned is an effort to address the shortfall by eliminating programming which can be obtained in the community. The Subcommittee noted that if an individual is dually diagnosed an alcohol counselor will still be in place at the state hospital. Representative Helgerson moved adoption of the FY91 and FY92 subcommittee reports on Larned State Hospital. Representative Blumenthal seconded. Motion carried.

OSAWATOMIE STATE HOSPITAL

Representative Helgerson reviewed the FY91 and FY92 subcommittee reports (Attachment 2). Representative Chronister requested an update on how the Mental Health Reform Act is working, as Osawatomie has a pilot program. Representative Helgerson indicated it is going well, with some of the counties running ahead in the reduction of individuals going into the hospital. Hospitalization rates are down from previous levels. Representative Helgerson moved adoption of the FY91 and FY92 subcommittee reports on Osawatomie State Hospital. Representative Goossen seconded. Motion carried.

RAINBOW MENTAL HEALTH FACILITY

Representative Helgerson presented the subcommittee reports on Rainbow on which the Subcommittee concurred with the Senate (Attachment 3). Representative Helgerson moved adoption of the FY91 and FY92 subcommittee reports on Rainbow Mental Health Facility. Representative Pottorff seconded. Motion carried.

TOPEKA STATE HOSPITAL

Representative Helgerson presented the subcommittee reports on Topeka State Hospital (Attachment 4). Representative Helgerson moved adoption of the FY91 subcommittee report on Topeka State Hospital. Representative Blumenthal seconded. Motion carried. Representative Helgerson moved adoption of the FY92 subcommittee report on Topeka State Hospital. Representative Pottorff seconded. Motion carried.

KANSAS NEUROLOGICAL INSTITUTE

Representative Blumenthal reviewed the FY91 and FY92 subcommittee reports (Attachment 5). Representative Patrick asked what computer purchases were approved in this budget. Staff stated \$63,000 was approved for software purchases. In response to a question, Representative Blumenthal stated the census reductions in the hospitals will not result in some patients not being served if the expanded HCBS waiver in the SRS budget is adequately funded as recommended by the Subcommittee. Representative Blumenthal moved adoption of the FY91 and FY92 subcommittee reports on the Kansas Neurological Institute. Representative Helgerson seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at
12:15 p.m. on April 4, 1991.

PARSONS STATE HOSPITAL AND TRAINING CENTER

Representative Blumenthal presented the subcommittee report (Attachment 6). Representative Blumenthal moved adoption of the FY91 and FY92 subcommittee reports on Parsons State Hospital. Representative Goossen seconded. Motion carried.

WINFIELD STATE HOSPITAL AND TRAINING CENTER

Representative Blumenthal reviewed the FY91 and FY92 subcommittee reports (Attachment 7). During discussion of the movement of clients into the community, it was noted that clients sometimes may be over-served by being kept in the hospitals and studies reveal service in the community is better for the client and more cost effective. In response to a question, Representative Helgerson stated the nursing shortage of the past few years has been addressed and we are no longer having to contract for nursing services but have been able to hire directly. Representative Helgerson moved adoption of the FY91 and FY92 subcommittee reports on Winfield State Hospital. Representative Blumenthal seconded. Motion carried. It was noted staff will correct the FY92 subcommittee report under item #4 to state "instead of reducing the FTE to 872.5 positions."

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Representative Helgerson reviewed the subcommittee reports (Attachment 8). Representative Patrick requested staff to provide a flow chart of the cost of the movement of clients out of the mental retardation institutions showing where the funding is going as it is shifted into the community. It was noted the waiting list for services for MR clients grows by 200 individuals each year. Representative Vancrum noted the reductions in state operations by the subcommittee are minimal and Representative Goossen pointed out that 55 positions were cut out of the central office last year along with reductions in area offices, which made it difficult to cut that area again this year. Representative Helgerson moved adoption of the FY91 subcommittee report on the Department of SRS. Representative Pottorff seconded. Motion carried.

The meeting was recessed at 2:00 p.m. and will reconvene upon adjournment of the House.

Chairman Teagarden reconvened the meeting at 5:30 p.m. for discussion of the SRS budget for FY92. It was noted the Job preparation/day care automated system refers to computerization that is going to be needed to meet federal requirements of the Job Opportunities and Basic Skills program. KanWork must be fully operational by October 1, 1992 and the subcommittee believes the computer linkage will be needed to meet federal requirements. Representative Helgerson stated due to a potential ACLU lawsuit and audits of our youth services, the Subcommittee recommended the funding in item #30 to address these problems. Representative Vancrum moved to delete item #30a from the FY92 subcommittee report on SRS which removes \$666,259 SGF for permanency planning teams. Representative Chronister seconded. Representative Helgerson indicated each of five permanency planning teams will serve 160-180 children. Motion failed.

In response to a question, Representative Goossen stated the 6 percent inflationary increase in item #4 is being deleted by the Subcommittee based on the decision that SRS will pay no more for a given procedure in hospitals than was paid in FY91. Representative Patrick moved that the Jobs Automated System and \$1.2 million be taken out of the SRS budget for review by the House CCT Committee and that final disposition on this item be considered in Omnibus. Representative Mead seconded. Motion failed.

Representative Gatlin moved to add a proviso to the FY92 SRS subcommittee report stating that 75 percent of the cost of basic remedial education of KanWork clients will be charged to the State Department of Education. Representative Mead seconded. Motion failed.

Representative Vancrum questioned the subcommittee recommendation to continue to include in the medically needy program family members of AFDC recipients over 18 years of age. Representative Helgerson stated that help with excess medical bills will keep these individuals at a minimum level of income. Representative Vancrum moved to add \$659,646 State General Fund to extend benefits of KanWork for three months. Representative Chronister seconded. Representative Chronister made a substitute motion to add \$659,646 State General Fund for KanWork expansion designating that \$120,000 be used for one month of actual client services with the balance being used for training and EDIF funding as recommended by the subcommittee in item #36 is eliminated. Representative Vancrum seconded. Motion carried.

Representative Patrick moved to delete the General Assistance program and approximately \$7.1 million State General Fund. Representative Mead seconded. Motion failed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at
12:15 p.m. on April 4, 1991.

In response to a question, Representative Helgerson stated foster care rates have increased 15 percent over the last two years. With the elimination of the burial assistance program, the responsibility by statute will fall on the counties to bury those who have no resources. Representative Helgerson moved adoption of the FY92 subcommittee report on SRS, as amended. Representative Pottorff seconded. Motion carried.

Representative Chronister moved that SB 162, as amended, be recommended favorably for passage. Representative Wisdom seconded. Motion carried. Representative Chronister moved that SB 340, as amended, be recommended favorably for passage. Representative Fuller seconded. Motion carried. Representative Kline moved that SB 112, as amended, be recommended favorably for passage. Representative Wisdom seconded. Motion carried.

Representative Dean moved that HB 2625 be recommended favorably for passage. Representative Fuller seconded. Motion carried.

Representative Vancrum stated that the handout distributed to the Committee on HB 2600 documents that 21 percent of the multiple section classes at Regents institutions have enrollment of less than 25 students in conflict with the Board of Regents' testimony that the figure is 9.5 percent (Attachment 9). Representative Vancrum moved that HB 2600 be recommended favorably for passage. Representative Patrick seconded. Motion failed.

The meeting was adjourned at 7:15 p.m. The next meeting is scheduled for Friday, April 5, 1991 at 12:00 noon in 514-S.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 4-4-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Sherrill Holliday	Topeka	Budget Division
MIKE Wajcman	"	"
Mike Bohuhoff	"	"
PAUL M. KLOTZ	TOPEKA	ASSOC. MENTAL HEALTH
Paul Johnson	"	PACK
Doug Bowman	"	Children & Youth Adv.
Michelle Moore	Topeka	KAC
Sydney Karr	Lawrence	Ks action for Children
John L. Kiefhaber	Topeka	Ks Health Care Assn
Lori Glass	Topeka	KS Mental Health Coalition Mental Health Assn. in KS
George A. Dugger	"	Ks. Dept. on Aging
Marilyn Bradt	Lawrence	Kansans for Improvement of Nursing Homes
Terry Larson	Topeka	Ks AAIL Ks MH Coalition
Walt Chappell	CHANUTE	TAXPAYER/ITF
John Peterson	Topeka	Ks Assn. Prof. Psychologists
BRAD MEARS	TOPEKA	Ks. Dept. of Commerce
Theresa Swick	Topeka	KS. Legal Services
Ethel May Miller	Topeka	APC
Cheryl Shores	Topeka	KS Children's Service League
Bruce Linber	Lawrence	KALPCCA
Jim Hammy	Topeka	AARP/CCTF
George Goebel	Topeka	AARP-SIC-CCTF
Rep. Carol Ader	P.V.	Leg.
JOHN H. HOIMGREN	Exec Div	Catholic Health Assn
BJ Simpson	Topeka	Ks Health Care Assn

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 340

Bill Sec. 3

Analyst: Porter

Analysis Pg. No. 797

Budget Page No. 402

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 17,194,312	\$ 16,664,852	--
General Fees Fund	1,874,772	2,026,144	(380,006)
Title XIX Fund	11,001,836	11,001,836	502,988
Federal Educ. Funds	142,823	142,823	--
Subtotal	<u>\$ 30,213,743</u>	<u>\$ 29,835,655</u>	<u>\$ 122,982</u>
Capital Improvements			
State Institutions Building Fund	\$ 306,586	\$ 306,586	\$ --
GRAND TOTAL	<u><u>\$ 30,520,329</u></u>	<u><u>\$ 30,142,241</u></u>	<u><u>\$ 122,982</u></u>
FTE Positions	936.1	936.1	--
Average Daily Census	535	535	--

Agency Request/Governor's Recommendation

FY 1991. Larned State Hospital estimates FY 1991 operating expenditures to be \$30,213,743, an increase of \$53,296 from the \$30,160,447 appropriated by the 1990 Legislature. Funding includes \$17,194,312 from the State General Fund, a decrease of \$6,896,198 from the amount approved by the 1990 Legislature; \$1,874,772 from Larned's fee fund, as approved by the 1990 Legislature; \$11,001,836 from federal Title XIX funds, an increase of \$6,900,000 from the amount approved by the 1990 Legislature; and \$142,823 from federal Chapter I and Vocational Education funds, an increase of \$49,494 from the amount previously budgeted for education funds. The 1990 Legislature approved no-limit appropriations for the federal education funds, which are received by each of the four state mental health hospitals. The decrease in State General Fund financing and increase in federal Title XIX financing is due to the availability of increased disproportionate share money. The additional disproportionate share funding reflects an aggregate amount earned by all four state mental health hospitals, but the total additional amount is included in the Larned budget rather than distributed among the four hospitals.

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

HA
4-4-91
Attachment 1

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, 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 at that time and were recertified again following a September 24 and 25, 1989, survey.

The new 90-bed Eisenhower Adult Treatment Center was completed and occupied by patients in May 1990. The facility replaces Rush and Pinel Buildings, which housed the hospital's adult patients.

The Governor recommends an FY 1991 operating budget of \$29,835,655 for Larned State Hospital, a reduction of \$378,088 from the agency estimate and a reduction of \$324,792 from the amount approved by the 1990 Legislature. The recommendation includes a downward adjustment for the cost of employee health insurance (\$348,100), other adjustments to salaries and wages, and other reductions totaling \$33,240. Of the total, \$16,664,852 is from the State General Fund, a reduction of \$529,460 from the agency estimate. The amount recommended from the hospital fee fund, \$2,026,144, is an increase of \$151,372 from the agency estimate. The Governor recommends expenditures of \$11,001,836 from the Title XIX fund and \$142,823 from federal education funds, as estimated by the agency.

Senate Subcommittee Recommendations

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

1. The Subcommittee was informed that Larned and the other state mental health hospitals are experiencing fee fund collection problems in the current year, primarily due to decreased collections from patient insurance, and that this trend is expected to continue into FY 1992. The Subcommittee discussed the issue of insurance collections with each of the hospitals and with a representative of the state Insurance Department. Among the factors contributing to the collections shortfall are that fewer patients admitted to the hospitals are insured, insurance policies provide for a higher patient deductible amount than in the past, and that HMO review committees have denied claims from the hospitals. Larned's FY 1991 insurance receipts are projected to be 17.48 percent below FY 1990 collections and 24.36 percent below FY 1987 collections. The Subcommittee further notes a trend toward declining fee fund balances at the mental health hospitals. The combined FY 1990 beginning balances for the four mental health hospitals totaled \$2,401,562, the combined FY 1991 beginning balances totaled

\$1,884,071, and the combined recommended FY 1992 beginning balances total \$985,335. Increased fee fund expenditure limitations in FY 1990 and FY 1991 contributed to the declining balance.

The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and recommends that expenditures of \$380,006 be financed from the Title XIX fund rather than from the hospital fee fund. The recommendation funds the \$280,006 fees collection shortfall projected by the hospital and allows for a \$100,000 carryforward balance into FY 1992. The Subcommittee was informed that, based on more recent projections made after the Governor's recommendation, additional Title XIX money will be available in the current year.

2. Add \$122,982 from Title XIX funds for operating expenditures in FY 1991. Of the total, \$38,982 is for salaries and wages and \$84,000 is for drugs and pharmaceutical supplies. The Subcommittee was informed that a variety of factors are affecting the hospital's expenditures for pharmaceuticals. Hospital officials state that more severely ill patients are being treated, that a greater number of prescriptions are being written, and that product costs are escalating. The Subcommittee notes that pharmaceutical costs may be expected to continue to increase because of recent federal legislation.

Senate Committee Recommendations

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

Senate Committee of the Whole Recommendation

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

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 162

Bill Sec. 4

Analyst: Porter

Analysis Pg. No. 797

Budget Page No. 402

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 22,479,140	\$ 20,855,411	185,037
General Fees Fund	2,156,691	2,156,691	(605,989)
Title XIX Fund	7,464,314	7,464,314	170,952
Federal Educ. Funds	99,841	99,841	--
Subtotal	<u>\$ 32,199,986</u>	<u>\$ 30,576,257</u>	<u>\$ (250,000)</u>
Capital Improvements			
State Institutions Building Fund	\$ 54,600	\$ 54,600	\$ (54,600)
GRAND TOTAL	<u><u>\$ 32,254,586</u></u>	<u><u>\$ 30,630,857</u></u>	<u><u>\$ (304,600)</u></u>
FTE Positions	945.1	936.1	(10.0)
Average Daily Census	535	535	--

Agency Request/Governor's Recommendation

FY 1992. The agency requests an FY 1992 operating budget of \$32,199,986, an increase of \$2,039,539, or 6.8 percent, over the approved FY 1991 budget. Of the increase, \$1,398,162, or 68.6 percent, is attributable to salaries and wages. The hospital requests 9 new positions, including an Alcoholism Counselor, 3 Secretary I positions, 4 General Maintenance and Repair Technician positions, and a Vocational Instructor. The funding request includes \$22,479,140 from the State General Fund, \$2,156,691 from the hospital's fee fund, \$7,464,314 from Title XIX, and \$99,841 from federal Chapter I and other federal education funds. The FY 1992 budget is based on the assumption that the four-unit distinct part will remain certified and that the remainder of the hospital will not be recertified.

For FY 1992 the Governor recommends expenditures of \$30,576,257, a reduction of \$1,623,729 from the agency request. The total reduction is from the amount recommended from the State General Fund. Although a reduction in State General Fund financing would appear likely to affect the hospital's room rate charges, the Governor's recommendation does not include a corresponding decrease in the amount of Title XIX financing. The Governor does not recommend the 9.0 new positions requested. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. The

recommendation includes a downward adjustment for the cost of employee health insurance (\$239,287), an increase in the percentage of turnover savings (from 4.8 percent to 5.2 percent), a reduction of \$15,197 from the total amount requested for overtime, holiday, and shift differential pay, a reduction from the amount requested for capital outlay (\$308,345), a reduction of \$19,843 from the amount requested for contractual services, and a reduction of \$4,422 from the amount requested for commodities.

Senate Subcommittee Recommendations

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

1. As stated in the FY 1991 Subcommittee report, the hospital projects a significant fee fund collections shortfall in FY 1992, primarily due to decreased insurance collections. The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and that increased funding from other sources is necessary. Including adjustments made in FY 1991, the hospital projects an FY 1992 collections shortfall of \$761,415. The Subcommittee recommends the following adjustments, which would alleviate \$605,989 of the shortfall:
 - a. Delete 10.0 FTE non-direct care positions and decrease the fee fund expenditure limitation by \$250,000, the amount of funding associated with the positions.
 - b. Fund expenditures of \$170,952 from the Title XIX fund rather than from the hospital fee fund. The recommendation is reflected as an increase of \$170,952 to the Title XIX fund and a corresponding decrease of \$170,952 to the hospital fee fund expenditure limitation.
 - c. Add \$185,037 from the State General Fund, also to alleviate the hospital's FY 1992 fee fund collections shortfall, and decrease the fee fund expenditure limitation by the same amount.
2. To reflect the tentative recommendations of the Joint Committee on State Building Construction, delete funding of \$54,600 from the State Institutions Building Fund, which the Governor recommended for construction of paved outdoor recreation areas for Dillon and Jung buildings.

Senate Committee Recommendations

The Senate Committee concurs with the Senate Subcommittee's recommendations with the following adjustment:

1. Delete \$20,743 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase from special education teachers' salaries. The Committee recommends that this issue be reviewed as an Omnibus item.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 164,294	\$ 21,019,705	\$ (625,662)
General Fees Fund	(605,989)	1,550,702	(118,371)
Title XIX Fund	170,952	7,635,266	--
Federal Educ. Funds	--	99,841	--
Subtotal	<u>\$ (270,743)</u>	<u>\$ 30,305,514</u>	<u>\$ (744,033)</u>
Capital Improvements			
State Institutions Building Fund	\$ (54,600)	\$ 0	\$ --
GRAND TOTAL	<u><u>\$ (325,343)</u></u>	<u><u>\$ 30,305,514</u></u>	<u><u>\$ (744,033)</u></u>
FTE Positions	(10.0)	926.1	(22.5)

Senate Committee of the Whole Recommendation

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

House Subcommittee Recommendation

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


1. Delete funding of \$744,033 (\$625,662 SGF) and 22.5 FTE positions from the hospital's Substance Abuse Program.
2. The Subcommittee was informed that a discrepancy exists between the salaries paid to personnel of the hospital's Security Program and the salaries which will be paid at the new correctional facility, which will be located adjacent to the hospital grounds. Hospital officials expressed concern that its employees may leave the hospital for the corrections positions, which offer an increase in pay. The Subcommittee notes, however, that the hospital has not yet had any difficulty filling its Security Program positions, that Security Program personnel currently

receive a pay differential, and that the pay plan in effect may be sufficient to retain employees.


3. The Subcommittee shares the concern of the Senate Subcommittee regarding the hospital fee fund collections shortfalls, which are primarily due to decreased collections from patient insurance. The Subcommittee recommends that legislation be introduced to address the issue of insurance reimbursement at the state hospitals. The Subcommittee also recommends that SRS work with health maintenance organizations (HMOs) to attempt to have the state hospitals identified as service providers under the HMO plans. If HMOs were to recognize the state hospitals as service providers, the hospitals would be reimbursed for care provided to HMO members.
4. The Subcommittee recommends that SRS address the issue of state hospital placements for children and adolescents and that the agency develop a plan to provide community services for this population. SRS should include the community services plan in the agency's FY 1993 Youth Services budget.




Representative Henry Helgerson, Jr.
Subcommittee Chair



Representative Gary H. Blumenthal



Representative Duane A. Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Osawatomi State Hospital

Bill No. 340

Bill Sec. 4

Analyst: Porter

Analysis Pg. No. 820

Budget Page No. 442

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 15,411,379	\$ 15,240,439	\$ --
General Fees Fund	2,253,753	2,256,234	(100,000)
Title XIX Fund	3,162,149	3,162,149	100,000
Federal Education Funds	52,855	52,855	--
Subtotal	<u>\$ 20,880,136</u>	<u>\$ 20,711,677</u>	<u>\$ --</u>
Capital Improvements:			
State Institutions Bldg. Fund	182,319	182,319	--
GRAND TOTAL	<u><u>\$ 21,062,455</u></u>	<u><u>\$ 20,893,996</u></u>	<u><u>\$ --</u></u>
FTE Positions	672.5	672.5	--
Average Daily Census	332	332	--

Agency Request/Governor's Recommendation

FY 1991. Osawatomi State Hospital requests a total operating budget of \$20,880,136, the amount approved by the 1990 Legislature. Funding includes \$15,411,379 from the State General Fund, \$2,253,753 from the hospital's fee fund, \$3,162,149 from Title XIX, and \$52,855 from federal Chapter I and other federal education 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 1991 budget includes funding for 672.5 FTE positions. Of those positions, 26.0 are limited term FTE positions approved and funded for six months by the 1990 Legislature. As part of the first phase of mental health reform legislation enacted by the 1990 Legislature, the hospital's capacity will be decreased by 22 adult psychiatric beds during FY 1991.

For FY 1991 the Governor recommends expenditures of \$20,711,677, a reduction of \$168,459 from the agency request. The recommendation includes a downward adjustment for the cost of employee health insurance (\$256,269), a reduction from the estimate for temporary help (\$113,603), and a decrease in turnover savings, from the 7.4 percent estimated to 6.5 percent.

Senate Subcommittee Recommendation

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

*HA
4-4-91
Attachment 2*

1. The Subcommittee was informed that Osawatomie and the other state mental health hospitals are experiencing fee fund collection problems in the current year, primarily due to decreased collections from patient insurance, and that this trend is expected to continue into FY 1992. The Subcommittee discussed the issue of insurance collections with each of the hospitals and with a representative of the state Insurance Department. Among the factors contributing to the collections shortfall are that fewer patients admitted to the hospitals are insured, insurance policies provide for a higher patient deductible amount than in the past, and that HMO review committees have denied claims from the hospitals. The Subcommittee further notes a trend toward declining fee fund balances at the mental health hospitals. The combined FY 1990 beginning balances for the four mental health hospitals totaled \$2,401,562, the combined FY 1991 beginning balances totaled \$1,884,071, and the combined recommended FY 1992 beginning balances total \$985,335. Increased fee fund expenditure limitations in FY 1990 and FY 1991 contributed to the declining balance.

The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and recommends that expenditures of \$100,000 be financed from the Title XIX fund rather than from the hospital fee fund. The recommendation funds a portion of the fees collection shortfall projected by the hospital and allows for a \$110,707 carryforward balance into FY 1992. The Subcommittee was informed that, based on more recent projections made after the Governor's recommendation, additional Title XIX money will be available in the current year.

Senate Committee Recommendation

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

1. The Committee commends Superintendent Norma J. Stephens for her professional managerial skills which helped to avoid a funding shortfall in FY 1991.

Senate Committee of the Whole Recommendation


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

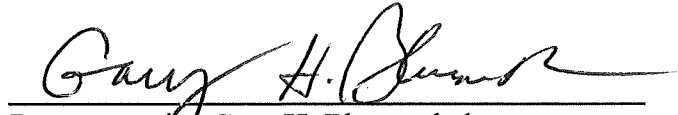
<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 15,240,439	\$ --
General Fees Fund	(100,000)	2,156,234	--
Title XIX Fund	100,000	3,262,149	--
Federal Education Funds	--	52,855	--
Subtotal	<u>\$ 0</u>	<u>\$ 20,711,677</u>	<u>\$ --</u>
Capital Improvements:			
State Institutions Bldg. Fund	--	182,319	--
GRAND TOTAL	<u><u>\$ 0</u></u>	<u><u>\$ 20,893,996</u></u>	<u><u>\$ --</u></u>
 FTE Positions	 --	 672.5	 --

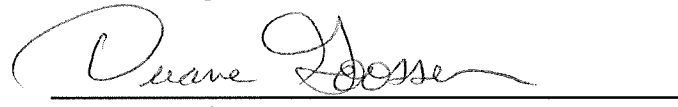
House Subcommittee Recommendation


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


1. The Subcommittee commends Superintendent Norma J. Stephens for taking actions to avert a funding shortfall in FY 1991. The Subcommittee notes that Osawatomie was the only one of the four mental health hospitals which did not seek a supplemental appropriation in the current year.


 Representative Henry Helgerson, Jr.
 Subcommittee Chair


 Representative Gary H. Blumenthal


 Representative Duane A. Goossen


 Representative Sheila Hochhauser


 Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Osawatomie State Hospital

Bill No. 162

Bill Sec. 5

Analyst: Porter

Analysis Pg. No. 820

Budget Page No. 442

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 13,837,855	\$ 11,806,078	\$ 71,277
General Fees Fund	2,051,839	2,259,839	(308,229)
Title XIX Fund	6,836,389	6,836,389	86,952
Federal Education Funds	53,416	53,416	--
Subtotal	<u>\$ 22,779,499</u>	<u>\$ 20,955,722</u>	<u>\$ (150,000)</u>
Capital Improvements:			
State Institutions Bldg. Fund	107,500	61,700	(61,700)
GRAND TOTAL	<u><u>\$ 22,886,999</u></u>	<u><u>\$ 21,017,422</u></u>	<u><u>\$ (211,700)</u></u>
 FTE Positions	 650.5	 646.5	 (6.0)
Average Daily Census	324	324	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

FY 1992. The hospital requests a total operating budget of \$22,779,499 in FY 1992, an increase of \$1,899,363 (9.1 percent) over the FY 1991 estimate. Of the increase, \$940,463, or 49.5 percent, is attributable to salaries and wages, and \$902,942, or 47.5 percent, is attributable to capital outlay. The request includes funding for 650.5 FTE positions, which reflects deletion of the 26.0 limited term FTE positions approved by the 1990 Legislature and the addition of 4.0 FTE positions, including 2.0 FTE Office Assistant I positions and 1.0 FTE Office Assistant II position for the Engineering and Protection Program and 1.0 Medical Technologist I position for the Allied Clinical Services Program. The funding request includes \$13,837,855 from the State General Fund, \$2,051,839 from the hospital's fee fund, \$6,836,389 from Title XIX, and \$53,416 from federal Chapter I and other educational funds. The amount requested from Title XIX includes disproportionate share money, which 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. Under the hospital request, the hospital's bed capacity will be decreased by 20 adolescent psychiatric beds by the end of FY 1992 in compliance with mental health reform legislation passed by the 1990 Legislature.

The Governor recommends an FY 1992 current resource budget of \$20,995,885, a reduction of \$1,783,614 from the agency request. The recommendation includes \$11,846,241 from the State General Fund, a reduction of \$1,991,614 from the agency request, \$2,259,839 from the hospital fee fund, an increase of \$208,000 above the agency request, \$6,836,389 from the Title XIX

fund, as requested, and \$53,416 from federal education funds, also as requested. Although a reduction in State General Fund financing could affect the hospital's room rate charges, the Governor's recommendation does not include a corresponding decrease in the amount of Title XIX financing. The current resource recommendation includes a downward adjustment for the cost of employee health insurance (\$164,412), other reductions to salaries and wages totaling \$129,435, an increase in turnover savings, from the 5.5 percent recommended to 6.5 percent, and reductions from the amounts requested for contractual services (\$1,479), commodities (\$20,672), and capital outlay (\$711,476). The current resource budget is based on a total reduction of 30 patient beds and eight patients rather than on the reduction of 30 patient beds and 30 patients included in the Governor's recommendation. The lowered level of patient bed reduction is recommended in the current resource budget because the current resource budget for the Department of Social and Rehabilitation Services (SRS) includes funding only for continuation of the first phase of mental health reform. Under the current resource budget, fewer hospital patients would be returned to the community for community-based treatment. Under the Governor's recommendation, increased funding for community-based treatment services would allow the movement of additional patients from the hospital.

The FY 1992 Governor's recommendation of \$20,955,722 reflects a decrease of \$40,163 from the Governor's current resource budget. All of the decrease is from the State General Fund and is reflected in the amounts recommended for contractual services and commodities. As stated previously, the decrease reflects the reduction of 30 patient beds and the movement of 30 patients from the hospital to the community. The recommendation is a reduction of \$1,823,777 from the agency request for FY 1992.

Senate Subcommittee Recommendation

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

1. As stated in the FY 1991 Subcommittee report, the hospital projects a significant fee fund collections shortfall in FY 1992, primarily due to decreased insurance collections. The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and that increased funding from other sources is necessary. Including adjustments made in FY 1991, the hospital projects an FY 1992 collections shortfall of \$387,284. The Subcommittee recommends the following adjustments, which would alleviate \$308,229 of the shortfall:
 - a. Delete 6.0 FTE non-direct care positions and decrease the fee fund expenditure limitation by \$150,000, the amount of funding associated with the positions.
 - b. Fund expenditures of \$86,952 from the Title XIX fund rather than from the hospital fee fund. The recommendation is reflected as an increase of \$86,952 to the Title XIX fund and a corresponding decrease of \$86,952 to the hospital fee fund expenditure limitation.

- c. Add \$71,277 from the State General Fund, also to alleviate the hospital's FY 1992 fee fund collections shortfall, and decrease the fee fund expenditure limitation by the same amount.
2. To reflect the tentative recommendations of the Joint Committee on State Building Construction, delete funding of \$61,700 from the State Institutions Building Fund, which the Governor recommended for construction of paved outdoor recreation areas.

Senate Committee Recommendation

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

1. Delete \$35,371 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase in FY 1992 for special education teachers' salaries. The Committee recommends that this issue be reviewed as an Omnibus item.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 35,906	\$ 11,841,984	\$ (720,127)
General Fees Fund	(308,229)	1,951,610	(369,984)
Title XIX Fund	86,952	6,923,341	--
Federal Education Funds	--	53,416	--
Subtotal	<u>\$ (185,371)</u>	<u>\$ 20,770,351</u>	<u>\$ (1,090,111)</u>
Capital Improvements:			
State Institutions Bldg. Fund	(61,700)	0	45,800
GRAND TOTAL	<u><u>\$ (247,071)</u></u>	<u><u>\$ 20,770,351</u></u>	<u><u>\$ (1,044,311)</u></u>
FTE Positions	(6.0)	640.5	(34.0)

House Subcommittee Recommendation

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

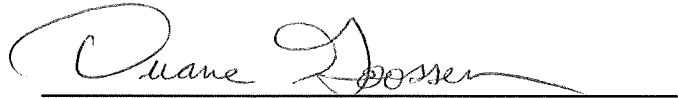
1. Delete funding of \$1,090,111 (\$720,127 SGF) and 34.0 FTE positions from the hospital's Substance Abuse Program.
2. To reflect the recommendation of the Joint Committee on State Building Construction, add \$45,800 from the State Institutions Building Fund to remodel the dining area of Biddle Cafeteria.
3. The Subcommittee recommends that SRS address the issue of state hospital placements for children and adolescents and that the agency develop a plan to provide community services for this population. SRS should include the community services plan in the agency's FY 1993 Youth Services budget.



Representative Henry Helgerson, Jr.
Subcommittee Chair



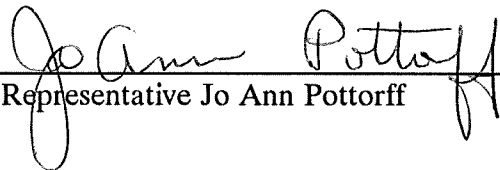
Representative Gary H. Blumenthal



Representative Duane A. Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility **Bill No.** 340 **Bill Sec.** 6
Analyst: Porter **Analysis Pg. No.** 789 **Budget Page No.** 468

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,700,970	\$ 2,435,169	\$ --
General Fees Fund	302,854	568,655	(138,975)
Title XIX Fund	1,515,649	1,515,649	217,788
Federal Educ. Funds	22,022	22,022	--
Subtotal	<u>\$ 4,541,495</u>	<u>\$ 4,541,495</u>	<u>\$ 78,813</u>
Capital Improvements			
State Institutions Bldg. Fund	\$ 933,275	\$ 933,275	\$ --
GRAND TOTAL	<u><u>\$ 5,474,770</u></u>	<u><u>\$ 5,474,770</u></u>	<u><u>\$ 78,813</u></u>
FTE Positions	124.0	124.0	--
Average Daily Census (Inpatient)	48	48	--

Agency Request/Governor's Recommendation

FY 1991. Rainbow Mental Health Facility estimates FY 1991 expenditures of \$4,541,495, as approved by the 1990 Legislature. The budget includes financing of 124.0 FTE positions. Funding includes \$2,700,970 from the State General Fund, \$302,854 from Rainbow's fee fund, \$1,515,649 from Title XIX, and \$22,022 from federal Chapter I funds.

The Governor recommends FY 1991 expenditures of \$4,541,495, as approved by the 1990 Legislature and as estimated by the agency. The recommendation includes a downward adjustment for the cost of employee health insurance (\$48,913), a decrease in the amount of turnover savings, from the agency estimate of 7.2 percent to 5.8 percent, and reductions from the requests for contractual services (\$1,982) and commodities (\$6,537).

Senate Subcommittee Recommendations

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

4-4-91
 Attachment 3

1. The Subcommittee was informed that Rainbow Mental Health Facility and the other state mental health hospitals are experiencing fee fund collection problems in the current year, primarily due to decreased collections from patient insurance, and that this trend is expected to continue into FY 1992. The Subcommittee discussed the issue of insurance collections with each of the hospitals and with a representative of the state Insurance Department. Among the factors contributing to the collections shortfall are that fewer patients admitted to the hospitals are insured, insurance policies provide for a higher patient deductible amount than in the past, and that HMO review committees have denied claims from the hospitals. The Subcommittee further notes a trend toward declining fee fund balances at the mental health hospitals. The combined FY 1990 beginning balances for the four mental health hospitals totaled \$2,401,562, the combined FY 1991 beginning balances totaled \$1,884,071, and the combined recommended FY 1992 beginning balances total \$985,335. Increased fee fund expenditure limitations in FY 1990 and FY 1991 contributed to the declining balance.

The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and recommends that expenditures of \$138,975 be financed from the Title XIX fund rather than from the hospital fee fund. The recommendation funds the \$38,975 fees collection shortfall projected by the hospital and allows for a \$100,000 carryforward balance into FY 1992. The Subcommittee was informed that, based on more recent projections made after the Governor's recommendation, additional Title XIX money will be available in the current year.

2. Add \$78,813 from Title XIX funds for salaries and wages in FY 1991. Rainbow officials state that this amount of funding is necessary to fund staff positions for the remainder of the fiscal year.

Senate Committee Recommendation

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

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 2,435,169	\$ --
General Fees Fund	(138,975)	429,680	--
Title XIX Fund	217,788	1,733,437	--
Federal Educ. Funds	--	22,022	--
Subtotal	<u>\$ 78,813</u>	<u>\$ 4,620,308</u>	<u>\$ --</u>
Capital Improvements			
State Institutions Bldg. Fund	\$ --	\$ 933,275	\$ --
GRAND TOTAL	<u><u>\$ 78,813</u></u>	<u><u>\$ 5,553,583</u></u>	<u><u>\$ --</u></u>
 FTE Positions	 --	 124.0	 --

House Subcommittee Recommendation

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

Representative Henry Helgerson, Jr.
Subcommittee Chair

Representative Gary H. Blumenthal

Representative Duane A. Goossen

Representative Sheila Hochhauser

Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility Bill No. 162 Bill Sec. 7

Analyst: Porter Analysis Pg. No. 789 Budget Page No. 468

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,324,896	\$ 1,413,888	\$ 56,117
General Fees Fund	756,729	473,419	(147,816)
Title XIX Fund	2,799,599	2,799,599	41,699
Federal Educ. Funds	22,022	22,022	--
Subtotal	<u>\$ 4,903,246</u>	<u>\$ 4,708,928</u>	<u>\$ (50,000)</u>
Capital Improvements			
State Institutions Building Fund	\$ 0	\$ 0	\$ --
GRAND TOTAL	<u><u>\$ 4,903,246</u></u>	<u><u>\$ 4,708,928</u></u>	<u><u>\$ (50,000)</u></u>
FTE Positions	125.5	124.0	(2.0)
Average Daily Census (Inpatient)	48	48	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

FY 1992. Rainbow requests an operating budget of \$4,903,246, an increase of \$361,751, or 8.0 percent, over the FY 1991 estimate of \$4,541,495. Of the increase, 50 percent is attributable to salaries and wages, 11.9 percent to the education contract, 30.2 percent to capital outlay, and 7.9 percent to other areas of the budget. The funding request includes \$1,324,896 from the State General Fund, \$756,729 from the facility's fee fund, \$2,799,599 from Title XIX, and \$22,022 from federal Chapter I funds. The request reflects continuation of all existing programs and the addition of 1.5 FTE positions.

For FY 1992 the Governor recommends expenditures of \$4,708,928, a reduction of \$194,318 from the agency request. Although the reduction in financing could affect the facility's room rate charge, the Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. Also included in the recommendation is a downward adjustment for the cost of employee health insurance (\$31,585), a

reduction from the request for other salary and wage items (\$3,670), a decrease in turnover savings, from the agency request of 7.6 percent to 5.5 percent, and reductions from the amounts requested for contractual services (\$24,394), commodities (\$6,831), and capital outlay (\$109,354),

Senate Subcommittee Recommendations

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

1. As stated in the FY 1991 Subcommittee report, the hospital projects a significant fee fund collections shortfall in FY 1992, primarily due to decreased insurance collections. The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and that increased funding from other sources is necessary. Including adjustments made in FY 1991, the hospital projects an FY 1992 collections shortfall of \$185,728. The Subcommittee recommends the following adjustments, which would alleviate \$147,816 of the shortfall:
 - a. Delete 2.0 FTE non-direct care positions and decrease the fee fund expenditure limitation by \$50,000, the amount of funding associated with the positions.
 - b. Fund expenditures of \$41,699 from the Title XIX fund rather than from the hospital fee fund. The recommendation is reflected as an increase of \$41,699 to the Title XIX fund and a corresponding decrease of \$41,699 to the hospital fee fund expenditure limitation.
 - c. Add \$56,117 from the State General Fund, also to alleviate the hospital's FY 1992 fee fund collections shortfall, and decrease the fee fund expenditure limitation by the same amount.

Senate Committee Recommendation

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

1. Delete \$29,773 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase for special education teachers' salaries. The Committee recommends that this issue be reviewed as an Omnibus item.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 26,344	\$ 1,440,232	\$ --
General Fees Fund	(147,816)	325,603	--
Title XIX Fund	41,699	2,841,298	--
Federal Educ. Funds	--	22,022	--
Subtotal	<u>\$ (79,773)</u>	<u>\$ 4,629,155</u>	<u>\$ --</u>
Capital Improvements			
State Institutions Building Fund	\$ --	\$ --	\$ --
GRAND TOTAL	<u><u>\$ (79,773)</u></u>	<u><u>\$ 4,629,155</u></u>	<u><u>\$ --</u></u>
FTE Positions	--	(2.0)	--

House Subcommittee Recommendation

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



Representative Henry Helgerson, Jr.
Subcommittee Chair



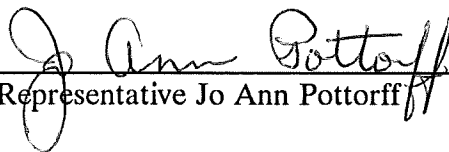
Representative Gary H. Blumenthal



Representative Duane A. Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 340

Bill Sec. 7

Analyst: Porter

Analysis Pg. No. 809

Budget Page No. 560

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 11,941,970	\$ 11,045,380	\$ --
General Fees Fund	4,851,753	5,290,155	--
Title XIX Fund	5,469,077	5,469,077	192,802
Federal Education Funds	100,818	100,818	--
Subtotal	<u>\$ 22,363,618</u>	<u>\$ 21,905,430</u>	<u>\$ 192,802</u>
Capital Improvements:			
State Inst. Bldg. Fund	4,593	4,593	--
	<u>\$ 22,368,211</u>	<u>\$ 21,910,023</u>	<u>\$ 192,802</u>
FTE Positions	655.7	655.7	--
Average Daily Census	290	290	--

Agency Request/Governor's Recommendation

Topeka State Hospital estimates FY 1991 expenditures of \$22,363,618, the amount approved by the 1990 Legislature. The requested funding would support 655.7 FTE positions, also as approved by the 1990 Legislature. Funding includes \$11,941,970 from the State General Fund, \$4,851,753 from the hospital's fee fund, \$5,469,077 from Title XIX, and \$100,818 from federal Chapter I funds. Although the hospital was decertified for portions of FY 1988 and FY 1989, Topeka State Hospital was accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and certified by the Health Care Financing Administration (HCFA) following May, 1989 surveys and currently is eligible to receive full Medicare and Medicaid payments.

The Governor recommends FY 1991 expenditures of \$21,905,430, a reduction of \$458,188 from the agency estimate. The recommendation includes \$11,045,380 from the State General Fund (a reduction of \$896,590 from the agency estimate), and \$5,290,155 from the hospital fees fund (an increase of \$438,402 from the agency estimate). The Governor concurs with the agency estimates for expenditures from the Title XIX fund and federal education funds. The recommendation includes a downward adjustment for the cost of employee health insurance (\$239,885), and reductions from the estimate for salaries and wages (\$114,232), contractual services (\$44,621), and commodities (\$64,259).

HA
4-14-91
Attachment 4

Senate Subcommittee Recommendation

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

1. Add \$192,802 from Title XIX funds for operating expenditures in FY 1991. Of the total, \$145,691 is for salaries and wages and \$47,111 is for other operating expenditures, including \$10,739 for fees for professional services to pay for an outside hospitalization, \$9,745 for drugs, laboratory, and medical supplies, \$13,929 for maintenance materials, supplies, and parts, \$7,078 for stationery and office supplies, and \$5,620 for laundry supplies and chemicals.

Senate Committee Recommendation

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

Senate Committee of the Whole Recommendation

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


<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 11,045,380	\$ 56,836
General Fees Fund	--	5,290,155	(249,638)
Title XIX Fund	192,802	5,661,879	192,802
Federal Education Funds	--	100,818	--
Subtotal	<u>\$ 192,802</u>	<u>\$ 22,098,232</u>	<u>\$ 0</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	4,593	--
	<u>\$ 192,802</u>	<u>\$ 22,102,825</u>	<u>\$ 0</u>
FTE Positions	--	655.7	--

House Subcommittee Recommendation

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

1. Reduce the hospital's fee fund expenditure limitation by \$249,638 and add \$249,638 from other funding sources (\$192,802 Title XIX and \$56,836 SGF) for

state operations in FY 1991. As noted by the Senate Subcommittee, each of the mental health hospitals projects a significant fee fund collections shortfall in FY 1991 and FY 1992, primarily due to decreased insurance collections. Topeka State Hospital current year collections have further decreased from the amount projected at the time of the agency appeal to the Senate. The amount added would allow the hospital to meet the recommended expenditure limitation in FY 1991.




Representative Henry Helgerson, Jr.
Subcommittee Chair



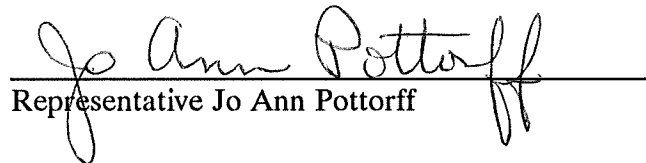
Representative Gary H. Blumenthal



Representative Duane A. Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 162

Bill Sec. 8

Analyst: Porter

Analysis Pg. No. 809

Budget Page No. 560

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 10,794,670	\$ 8,211,581	\$ 187,569
General Fees Fund	5,568,519	5,281,791	(470,220)
Title XIX Fund	7,401,795	7,401,795	132,651
Federal Education Funds	100,818	100,818	--
Subtotal	<u>\$ 23,865,802</u>	<u>\$ 20,995,985</u>	<u>\$ (150,000)</u>
Capital Improvements:			
State Inst. Bldg. Fund	90,500	242,146	(90,500)
	<u>\$ 23,956,302</u>	<u>\$ 21,238,131</u>	<u>\$ (240,500)</u>
FTE Positions	667.2	611.7	(6.0)
Average Daily Census	290	270	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

The FY 1992 operating budget request for Topeka State Hospital is \$23,865,802, an increase of \$1,502,184, or 6.7 percent, over the FY 1991 estimated operating budget. The request provides funding for 667.2 positions and includes funding of \$10,794,670 from the State General Fund, \$5,568,519 from the hospital's fee fund, \$7,401,795 from Title XIX, and \$100,818 from federal Chapter I funds. The amount requested from Title XIX includes disproportionate share money, which is the result of a change in federal Medicaid law effective July 1, 1988. Federal law directs the states to make extra Medicaid payments to hospitals serving a disproportionate share of Medicaid and low-income patients. The FY 1992 budget request presumes that the hospital will remain certified for the entire fiscal year. Of the \$1,502,184 increase from FY 1991, 74.7 percent is for salaries and wages, including new positions, 20 percent is for capital outlay, 3.6 percent is for the Menninger contract, and 1.7 percent is for other items. The budget request includes 11.5 new positions, including a .5 FTE Laboratory Technician I, an Alcoholism Counselor, a Vocational Rehabilitation Counselor, a Physician Specialist, two Activity Therapist I positions, a Carpenter, two Social Worker I positions, a Licensed Mental Health Technician Specialist, and two Office Assistant II positions.

For FY 1992 the Governor recommends expenditures of \$20,995,985, a reduction of \$2,869,817 from the agency request. Financing includes \$8,211,581 from the State General Fund (a reduction of \$2,583,089 from the request), \$5,281,791 from the hospital fees fund (a reduction of \$286,728 from the request), and the amounts requested from the Title XIX and federal education

funds. The recommendation includes the transfer of 20 dually diagnosed (mental illness and mental retardation) clients to the state's mental retardation institutions, decreasing the recommended average daily census to 270. Because of the transfer, the Governor recommends a reduction of 44.0 FTE positions. Although a reduction in State General Fund financing and a decrease in the number of positions would appear likely to affect the hospital's room rate charges, the Governor's recommendation does not include a corresponding decrease in the amount of Title XIX financing. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. The FY 1992 recommendation also includes a downward adjustment for the cost of employee health insurance (\$274,735) and reductions from the requests for other salaries and wages items (\$241,084), contractual services (\$99,653), commodities (\$62,251), and capital outlay (\$241,050). The Governor also recommends creation of a rental property rehabilitation and repair fund to finance repair work to the hospital buildings rented to various components of the Department of Social and Rehabilitation Services. A portion of the rent paid to the hospital would be credited to the fund.

Senate Subcommittee Recommendation

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

1. The Subcommittee was informed that Topeka and the other state mental health hospitals are experiencing fee fund collection problems in the current year, primarily due to decreased collections from patient insurance, and that this trend is expected to continue into FY 1992. The Subcommittee discussed the issue of insurance collections with each of the hospitals and with a representative of the state Insurance Department. Among the factors contributing to the collections shortfall are that fewer patients admitted to the hospitals are insured, insurance policies provide for a higher patient deductible amount than in the past, and that HMO review committees have denied claims from the hospitals. According to Topeka State officials, insurance collections have decreased 46 percent from FY 1984 to FY 1990 due to insurance companies having higher deductibles and co-payments. The Subcommittee further notes a trend toward declining fee fund balances at the mental health hospitals. The combined FY 1990 beginning balances for the four mental health hospitals totaled \$2,401,562, the combined FY 1991 beginning balances totaled \$1,884,071, and the combined recommended FY 1992 beginning balances total \$985,335. Increased fee fund expenditure limitations in FY 1990 and FY 1991 contributed to the declining balance.

The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and that increased funding from other sources is necessary. The hospital projects an FY 1992 collections shortfall of \$590,824. The Subcommittee recommends the following adjustments, which would alleviate \$470,220 of the shortfall:

- a. Delete 6.0 FTE non-direct care positions and decrease the fee fund expenditure limitation by \$150,000, the amount of funding associated with the positions.

- b. Fund expenditures of \$132,651 from the Title XIX fund rather than from the hospital fee fund. The recommendation is reflected as an increase of \$132,651 to the Title XIX fund and a corresponding decrease of \$132,651 to the hospital fee fund expenditure limitation.
 - c. Add \$187,569 from the State General Fund, also to alleviate the hospital's FY 1992 fee fund collections shortfall, and decrease the fee fund expenditure limitation by the same amount.
2. To reflect the tentative recommendations of the Joint Committee on State Building Construction, delete funding of \$90,500 from the State Institutions Building Fund, which the Governor recommended for construction of an outdoor activity area and for installation of air conditioning in the Southard building kitchen.

Senate Committee Recommendation

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

1. Delete \$81,727 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase in FY 1992 for special education teachers' salaries. The Committee recommends that this issue be reviewed as an Omnibus item.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 105,842	\$ 8,317,423	\$ (22,835)
General Fees Fund	(470,220)	4,811,571	(16,326)
Title XIX Fund	132,651	7,534,446	(192,802)
Federal Education Funds	--	100,818	--
Subtotal	<u>\$ (231,727)</u>	<u>\$ 20,764,258</u>	<u>\$ (231,963)</u>
Capital Improvements:			
State Inst. Bldg. Fund	(90,500)	151,646	--
	<u>\$ (322,227)</u>	<u>\$ 20,915,904</u>	<u>\$ (231,963)</u>
FTE Positions	(6.0)	605.7	(2.0)

House Subcommittee Recommendation

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


1. Reduce the expenditure limitation of the Title XIX fund and the amount of the Title XIX transfer by \$192,802, the amount of the FY 1991 supplemental requested by the hospital. The Subcommittee notes that the other state mental health hospitals either dealt with budgetary constraints in the current year and requested no supplemental appropriation or requested smaller supplemental appropriations. The Subcommittee notes its displeasure with the management decisions which necessitated the supplemental appropriation.
2. To achieve savings of \$66,061 from the State General Fund (\$82,387 all funds), or approximately .8 percent of State General Fund financing, the Subcommittee recommends the following reductions:
 - a. Delete \$27,480 (\$15,113 SGF) from the amount recommended for capital outlay expenditures.
 - b. Delete \$17,155 (\$13,196 SGF) and a Program Worker position.
 - c. Delete \$26,484 SGF for the hospital's Clinical Pastoral Trainee Program.
 - d. Delete \$11,268 (\$8,668 SGF) and a laundry Service Assistant position.
3. Add \$43,226 from the State General Fund for the school contract. The amount removed for the four percent teacher salary increase in the first house is the amount needed for a 4 percent teacher salary increase for the entire school, rather than only the Topeka State Hospital share.
4. The Subcommittee recommends that SRS address the issue of state hospital placements for children and adolescents and that the agency develop a plan to provide community services for this population. SRS should include the community services plan in the agency's FY 1993 Youth Services budget.



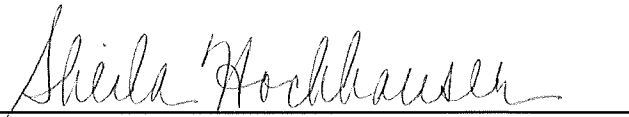
Representative Henry Helgerson, Jr.
Subcommittee Chair



Representative Gary H. Blumenthal



Representative Duane A. Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Kansas Neurological
Institute

Bill No. 340

Bill Sec. NEW

Analyst: Duncan

Analysis Pg. No. 758

Budget Page No. 374

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 10,580,945	\$ 10,416,949	\$ (133,333)
General Fee Fund	883,279	883,279	--
Medicaid	12,968,011	12,968,011	133,333
Foster Grandparents	188,231	188,231	--
Other Funds	61,890	61,890	--
Subtotal	<u>\$ 24,682,356</u>	<u>\$ 24,518,360</u>	<u>\$ --</u>
Capital Improvements:			
State Inst. Bldg. Fund	<u>\$ 21,877</u>	<u>\$ 21,877</u>	<u>\$ --</u>
TOTAL	<u><u>\$ 24,704,233</u></u>	<u><u>\$ 24,540,237</u></u>	<u><u>\$ --</u></u>
Average Daily Census	355	355	--
FTE Positions	879.5	879.5	--

Agency Request/Governor's Recommendation

For FY 1991, the Kansas Neurological Institute (KNI) requests \$24,682,356 for state operating expenditures. Major areas of expenditure in FY 1991 include communications (\$105,259); fees-professional services (\$837,702); utilities (\$471,757); clothing (\$114,081); food (\$1,170,353); professional and scientific supplies (\$372,942); and housekeeping supplies (\$300,235).

In December, 1990, KNI was surveyed by the Kansas Department of Health and Environment and found to be out of compliance with two conditions of participation established by the Health Care Finance Administration (HCFA). The Institute is out of compliance with client rights and health care services. The majority of the deficiencies have already been corrected by the agency. KNI will be resurveyed in 30 to 60 days by KDHE. If the conditions are not corrected at that time, the Institute may be decertified, resulting in a substantial loss of federal Medicaid money.

The Governor recommends \$24,518,360 for state operations in FY 1991, a decrease of \$163,996 in salaries and wages from the agency's request. The Governor's recommendation reduces the agency's average daily census estimate of 385 by 22 clients to 363 by the end of FY 1991. Funding for the placement of these clients is provided for in the budget of the Department of Social and Rehabilitation Services.

HA
4-4-91
Attachment 5

Senate Subcommittee Recommendation

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

1. Delete \$133,333 from the State General Fund and add \$133,333 from Title XIX. The Subcommittee learned that, based on more recent projections made after the Governor's recommendation, current year receipts for Title XIX for the seven mental health and retardation hospitals are \$1,518,637 more than anticipated, primarily due to increased audit settlements.
2. Make a technical correction to lapse \$104 from the SIBF in FY 1991.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Sub. Adjustments</u>
State Operations:			
State General Fund	\$ (133,333)	\$ 10,283,616	\$ --
General Fee Fund	--	883,279	--
Medicaid	133,333	13,101,344	--
Foster Grandparents	--	188,231	--
Other Funds	--	61,890	--
Subtotal	<u>\$ --</u>	<u>\$ 24,518,360</u>	<u>\$ --</u>
Capital Improvements:			
State Inst. Bldg. Fund	\$ (104)	\$ 21,773	\$ --
TOTAL	<u>\$ --</u>	<u>\$ 24,540,133</u>	<u>\$ --</u>
Average Daily Census	--	355	--
FTE Positions	--	879.5	--

House Subcommittee Recommendation

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

1. Concur with the Joint Committee on State Building Construction to allow the agency to raze the old carpentry shop.



Representative Henry Helgersen
Subcommittee Chair



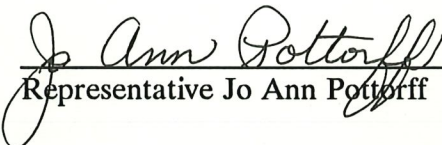
Representative Gary Blumenthal



Representative Duane Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Kansas Neurological
Institute

Bill No. 162

Bill Sec. 3

Analyst: Duncan

Analysis Pg. No. 758

Budget Page No. 374

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 13,082,611	\$ 11,496,559	\$ (33,047)
General Fee Fund	715,906	715,906	--
Medicaid	12,438,330	12,438,330	35,620
Foster Grandparents	188,231	188,231	--
Other Funds	61,890	61,890	--
Subtotal	<u>\$ 26,486,968</u>	<u>\$ 24,900,916</u>	<u>\$ 2,573</u>
Capital Improvements:			
State Inst. Bldg. Fund	<u>\$ 221,000</u>	<u>\$ --</u>	<u>\$ --</u>
TOTAL	<u><u>\$ 26,707,968</u></u>	<u><u>\$ 24,900,916</u></u>	<u><u>\$ 2,573</u></u>
Average Daily Census	355	333	--
FTE Positions	902.5	862.5	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

The agency's FY 1992 request for state operating expenditures is \$26,486,968, of which \$13,082,611 is from the State General Fund. The total request contains \$519,654 for 23.0 new FTE positions, including 20 Mental Retardation Technicians I, one Grounds Maintenance Supervisor, and two Utility Workers. Major items of requested expenditure include communications (\$98,683); fees-other services (\$95,040); fees-professional services (\$892,002); utilities (\$489,776); clothing (\$118,075); food (\$1,187,346); maintenance materials (\$112,963); professional supplies (\$391,742); housekeeping supplies (\$313,746); and capital outlay (\$344,572). In addition, \$22,258,855 (84.0 percent) of the FY 1992 request is for salaries and wages.

The Governor recommends \$24,900,916 for state operations in FY 1992, a decrease from the agency's request of \$1,586,052 from the State General Fund. Although a reduction in State General Fund financing and decreases in both census and FTE would appear likely to affect Medicaid receipts, the Governor's recommendation does not include a corresponding decrease in Title XIX financing. Recommended reductions occur in salaries and wages (\$1,333,749); fees-professional services (\$3,185); utilities (\$26,941); food (\$61,323); professional supplies (\$23,232); office supplies (\$2,815); housekeeping supplies (\$16,057); and capital outlay (\$118,750). In

conjunction with the census reduction at the end of FY 1991, the Governor recommends a reduction of 17.0 FTE positions in FY 1992. The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency.

Senate Subcommittee Recommendation

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

1. Delete \$58,047 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase in FY 1992 for special education teachers' salaries.
2. Add \$25,000 from the State General Fund and \$35,620 from Title XIX for a total of \$60,620 to be utilized by the agency to aid clients during the transition from the institution to the community. The Subcommittee learned that this year more than 50 percent of clients placed in the community eventually return to the institutions. The purpose of this new funding is to assist with these transitions and greatly improve the rate of success in these placements.

Senate Capital Improvement Subcommittee Recommendation

The Subcommittee recommends that the agency present to the Building Committee a long-term plan detailing client movement from each hospital and the subsequent effect on capital improvements for these institutions.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittees.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Sub. Adjustments</u>
State Operations:			
State General Fund	\$ (33,047)	\$ 11,463,512	\$ (114,966)
General Fee Fund	--	715,906	--
Medicaid	35,620	12,473,950	--
Foster Grandparents	--	188,231	--
Other Funds	--	61,890	--
Subtotal	<u>\$ 2,573</u>	<u>\$ 24,903,489</u>	<u>\$ (114,966)</u>
Capital Improvements:			
State Inst. Bldg. Fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
TOTAL	<u><u>\$ 2,573</u></u>	<u><u>\$ 24,903,489</u></u>	<u><u>\$ (114,966)</u></u>
Average Daily Census	--	333	--
FTE Positions	--	862.5	--

House Subcommittee Recommendation

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

1. Delete \$114,966 State General Fund to reflect a 1.0 percent savings. At the Subcommittee's request, the agency presented a specific proposal for making the reductions recommended by the Subcommittee; however, to allow the agency maximum flexibility, the Subcommittee does not make express program cuts within this budget. Nevertheless, the Subcommittee anticipates that the reduction will not affect direct care staffing levels.
2. The Subcommittee recognizes that, to accurately reflect the agency's budget, any reduction to State General Fund dollars should have a corresponding reduction in Title XIX funding. To allow the agency maximum flexibility, the Subcommittee recommends that a reduction not be made in the Title XIX expenditure limitation. The Subcommittee cautions that this may cause the agency's budget to appear larger than it actually is and recommends that Title XIX receipts be carefully reviewed by the 1992 Legislature.
3. The House Subcommittee concurs with the Senate's recommendation to add \$25,000 State General Fund (\$60,620 all funds) to enable the agency to aid clients during the transition from the institution to the community. The Subcommittee notes that revised statistics from the agency indicate that the rate of return from community placements to the institutions is approximately 30 percent, rather than 50 percent reflected in the Senate Subcommittee report. The Subcommittee recommends that a separate program code be established by the institution to allow it to track dollars expended for transition. The Subcommittee expects

MHRS to present information to the Legislature during the next session documenting how many clients return to each mental retardation hospital from community programs, the reason for each return, the date each client was placed in the community and the date of the client's return to the institution.



Representative Henry Helgerson
Subcommittee Chair



Representative Gary Blumenthal



Representative Duane Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Parsons State Hospital and Training Center

Bill No. 340

Bill Sec. 5

Analyst: Duncan

Analysis Pg. No. 779

Budget Page No. 448

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,786,936	\$ 7,541,832	\$ (133,333)
General Fees Fund	546,634	642,634	--
Medicaid	9,049,266	9,049,266	283,333
Other Funds	58,815	58,815	--
Subtotal	<u>\$ 17,441,651</u>	<u>\$ 17,292,547</u>	<u>\$ 150,000</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
	<u>\$ 17,441,651</u>	<u>\$ 17,292,547</u>	<u>\$ 150,000</u>
Average Daily Census	270	270	--
FTE Positions	563.0	563.0	--

Agency Request/Governor's Recommendation

The FY 1991 budget estimate for state operations totals \$17,441,651, an amount unchanged from the budget approved by the 1990 Legislature. Major expenditures include \$14,536,229 for salaries and wages, \$112,000 for communications, \$972,896 for professional services and special education, \$453,110 for utilities, \$100,570 for clothing, \$307,166 for food, \$200,300 for drugs, pharmaceuticals, and other professional and scientific supplies, \$246,200 for housekeeping supplies, and \$196,180 for capital outlay items.

On January 19, 1990, Parsons was surveyed by the Kansas Department of Health and Environment (KDHE) and was found to be out of compliance with four conditions of participation established by the Health Care Finance Administration (HCFA). The Center was out of compliance with active treatment, staff and staff training, governing body and management, and client rights standards. Parsons was also cited for the poor condition of the cottages and cottage furniture. In response to this survey, the 1990 Legislature approved a total of 34.5 new temporary positions for the last three and one-half months of FY 1990. These temporary positions, plus an additional two FTE, were added permanently for FY 1991. In addition, \$79,655 was appropriated for new furniture. The hospital was resurveyed on June 8, 1990 by KDHE and found to be in compliance with federal and state regulations.

The Governor recommends state operating expenditures of \$17,292,547 for FY 1991, a decrease of \$149,104 from the agency's estimate. Recommended adjustments include reductions in salaries and wages (\$112,745); food (\$20,759); and maintenance materials (\$15,600). The

HA
4-4-91
Attachment 6

Governor's FY 1991 recommendation includes a \$245,104 decrease in State General Fund expenditures, partially offset by a \$96,000 increase from the hospital fee fund.

Senate Subcommittee Recommendation

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

1. Delete \$133,333 from the State General Fund and add \$133,333 from Title XIX. The Subcommittee learned that, based on more recent projections made after the Governor's recommendation, current year receipts for Title XIX for the seven mental health and retardation hospitals are \$1,518,637 more than anticipated, primarily due to increased audit settlements.
2. Add \$150,000 in Title XIX funding to partially address a projected shortfall in salaries and wages.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Sub. Adjustments</u>
State Operations:			
State General Fund	\$ (133,333)	\$ 7,408,499	\$ --
General Fees Fund	--	642,634	--
Medicaid	283,333	9,332,599	--
Other Funds	--	58,815	--
Subtotal	<u>\$ 150,000</u>	<u>\$ 17,442,547</u>	<u>\$ --</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
	<u>\$ 150,000</u>	<u>\$ 17,442,547</u>	<u>\$ --</u>
Average Daily Census	270	270	--
FTE Positions	563.0	563.0	--

House Subcommittee Recommendation


The House Subcommittee concurs with the recommendations of the Senate.



Representative Henry Helgerson
Subcommittee Chair



Representative Gary Blumenthal



Representative Duane Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Parsons State Hospital and Training Center

Bill No. 162

Bill Sec. 6

Analyst: Duncan

Analysis Pg. No. 779

Budget Page No. 448

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 8,755,679	\$ 7,521,610	\$ (32,196)
General Fees Fund	738,777	642,777	--
Medicaid	9,580,967	9,580,967	35,620
Other Funds	58,815	58,815	--
Subtotal	<u>\$ 19,134,238</u>	<u>\$ 17,804,169</u>	<u>\$ 3,424</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
	<u>\$ 19,134,238</u>	<u>\$ 17,804,169</u>	<u>\$ 3,424</u>
Average Daily Census	270	270	--
FTE Positions	602.5	563.0	--

* Excludes amount reserved for employee compensation.

Agency Request/Governor's Recommendation

The agency's FY 1992 request for operating expenditures is \$19,134,238, of which \$8,755,679 is from the State General Fund. The FY 1992 request is an \$1,692,537 (9.7 percent) increase over the current year estimate. The request maintains current operating levels and includes the addition of 39.5 new FTE positions: 34 Mental Retardation Technicians I, one Mental Retardation Specialist, one Program Technician, one Office Assistant II, one half-time Social Service Administrator III, one Social Worker III, and one Painter.

The Governor recommends state operating expenditures of \$17,804,169 for FY 1992, a decrease of \$1,330,069 from the agency's FY 1992 request. Reductions occur in salaries and wages (\$1,101,220); the special education contract (\$3,829); food (\$21,568); maintenance materials (\$16,302); and capital outlay (\$187,150). The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. The Governor does not recommend any new positions for FY 1992, however, the Governor does recommend reclassification of 1.5 vacant FTE positions to a half-time Social Services Administrator III and a full-time Program Technician. These employees would serve as director and program assistant for the Kansas University Affiliated respite care program. The Governor's recommendation includes a decrease in the agency's fee fund of \$96,000. The rest of the reduction, \$1,234,069, is from the State General Fund. Although the reduction in State General Fund financing would appear likely

to affect Medicaid receipts, the Governor's recommendation does not include a corresponding decrease in Title XIX financing.

Senate Subcommittee Recommendation

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

1. Delete \$57,196 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase in FY 1992 for special education teacher's salaries.
2. Add \$25,000 from the State General Fund and \$35,620 from Title XIX for a total of \$60,620 to be utilized by the agency to aid clients during the transition from the institution to the community. The Subcommittee learned that this year more than 50 percent of clients placed in the community eventually return to the institutions. The purpose of this new funding is to assist with these transitions and greatly improve the rate of success in these placements.

Senate Capital Improvements Subcommittee

The Subcommittee recommends that the agency present to the Building Committee a long-term plan detailing client movement from each hospital and the subsequent effect on capital improvements for these institutions.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittees.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Sub. Adjustments</u>
State Operations:			
State General Fund	\$ (32,196)	\$ 7,489,414	\$ (127,466)
General Fees Fund	--	642,777	--
Medicaid	35,620	9,616,587	--
Other Funds	--	58,815	--
Subtotal	<u>\$ 3,424</u>	<u>\$ 17,807,593</u>	<u>\$ (127,466)</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
	<u>\$ 3,424</u>	<u>\$ 17,807,593</u>	<u>\$ (127,466)</u>
Average Daily Census	--	270	--
FTE Positions	--	563.0	--

House Subcommittee Recommendation

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

1. Delete \$75,216 State General Fund to reflect a 1.0 percent savings. At the Subcommittee's request, the agency presented a specific proposal for making the reductions recommended by the Subcommittee; however, to allow the agency maximum flexibility, the Subcommittee does not make express program cuts within this budget. Nevertheless, the Subcommittee anticipates that the reduction will not affect direct care staffing levels.
2. Delete \$52,250 State General Fund and reduce the hospital's census by 20 clients during the last 6 months of FY 1992. The Subcommittee notes that this proposal would close one cottage at the hospital and reduce the agency's FTE by 10 at the end of the fiscal year. The Subcommittee's recommendation is in accordance with the three year plan presented by Mental Health and Retardation Services which downsizes the state mental retardation institutions as well as the large-bed ICFs/MR. The Subcommittee's recommendation is predicated upon full funding of the HCBS waiver for FY 1992.
3. The Subcommittee recognizes that, to accurately reflect the agency's budget, any reduction to State General Fund dollars should have a corresponding reduction in Title XIX funding. To allow the agency maximum flexibility, the Subcommittee recommends that a reduction not be made in the Title XIX expenditure limitation. The Subcommittee cautions that this may cause the agency's budget to appear larger than it actually is and recommends that Title XIX receipts be carefully reviewed by the 1992 Legislature.
4. The House Subcommittee concurs with the Senate's recommendation to add \$25,000 State General Fund (\$60,620 all funds) to enable the agency to aid clients

during the transition from the institution to the community. The Subcommittee notes that revised statistics from the agency indicate that the rate of return from community placements to the institutions is approximately 30 percent, rather than 50 percent reflected in the Senate Subcommittee report. The Subcommittee recommends that a separate program code be established by the institution to allow it to track dollars expended for transition. The Subcommittee expects MHRS to present information to the Legislature during the next session documenting how many clients return to each mental retardation hospital from community programs, the reason for each return, the date each client was placed in the community and the date of the client's return to the institution.



Representative Henry Helgersen
Subcommittee Chair



Representative Gary Blumenthal



Representative Duane Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Winfield State Hospital
and Training Center

Bill No. 340

Bill Sec. 8

Analyst: Duncan

Analysis Pg. No. 768

Budget Page No. 618

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 13,584,513	\$ 13,381,889	\$ (133,333)
General Fee Fund	1,308,314	1,473,314	--
Medicaid	15,985,511	15,985,511	133,333
Foster Grandparents	183,899	183,899	--
Other Funds	50,410	50,410	--
Subtotal	<u>\$ 31,112,647</u>	<u>\$ 31,075,023</u>	<u>\$ --</u>
Capital Improvements:			
State Inst. Bldg. Fund	<u>\$ 25,546</u>	<u>\$ 25,546</u>	<u>\$ --</u>
TOTAL	<u><u>\$ 31,138,193</u></u>	<u><u>\$ 31,100,569</u></u>	<u><u>\$ --</u></u>
Average Daily Census	390	390	--
FTE Positions	1,002.5	1,002.5	--

Agency Request/Governor's Recommendation

FY 1991 estimated operating expenditures total \$31,112,647, the amount approved by the 1990 Legislature. Major expenditures include \$25,773,699 for salaries and wages, \$2,279,642 for fees and professional contracts, \$738,479 for utilities, \$556,088 for food, \$522,763 for pharmaceuticals and other professional supplies, \$357,815 for housekeeping supplies, \$211,068 for maintenance and repairs, and \$209,401 for clothing.

The Governor recommends expenditures totaling \$31,075,023 for state operations in FY 1991, a decrease of \$37,624 from the agency's request. Reductions occur for salaries and wages (\$27,878); and fees-other services (\$9,746).

Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor, with the following adjustment:

- Delete \$133,333 from the State General Fund and add \$133,333 from Title XIX. The Subcommittee learned that, based on more recent projections made after the

HA
4-4-91
Attachment 7

Governor's recommendation, current year receipts for Title XIX for the seven mental health and retardation hospitals are \$1,518,637 more than anticipated, primarily due to increased audit settlements.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Sub. Adjustments</u>
State Operations:			
State General Fund	\$ (133,333)	\$ 13,248,556	\$ 796
General Fee Fund	--	1,473,314	--
Medicaid	133,333	16,118,844	--
Foster Grandparents	--	183,899	--
Other Funds	--	50,410	--
Subtotal	\$ --	\$ 31,075,023	\$ 796
Capital Improvements:			
State Inst. Bldg. Fund	\$ --	\$ 25,546	\$ --
TOTAL	\$ --	\$ 31,100,569	\$ 796
Average Daily Census	390	390	--
FTE Positions	1,002.5	1,002.5	--

House Subcommittee Recommendation

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

1. Add \$796 from the State General Fund, as recommended by the Governor's Budget Amendment No. 1, make a technical adjustment for KPERS benefits.




Representative Henry Helgeson
Subcommittee Chair




Representative Gary Blumenthal



Representative Duane Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Winfield State Hospital
and Training Center

Bill No. 162

Bill Sec. 9

Analyst: Duncan

Analysis Pg. No. 768

Budget Page No. 618

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 14,101,008	\$ 13,083,315	\$ (169,326)
General Fee Fund	1,638,768	1,473,768	--
Medicaid	14,934,504	14,934,504	35,620
Foster Grandparents	190,844	190,844	--
Other Funds	48,554	48,554	--
Subtotal	<u>\$ 30,913,678</u>	<u>\$ 29,730,985</u>	<u>\$ (133,706)</u>
Capital Improvements:			
State Inst. Bldg. Fund	<u>\$ 242,800</u>	<u>\$ 204,300</u>	<u>\$ --</u>
TOTAL	<u><u>\$ 31,156,478</u></u>	<u><u>\$ 29,935,285</u></u>	<u><u>\$ (133,706)</u></u>
Average Daily Census	361	340	--
FTE Positions	992.5	992.5	--

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

Winfield's FY 1992 budget request totals \$30,913,678 for state operations, a reduction of \$198,969 from the FY 1991 estimate for state operations. The FY 1992 request includes a proposal for a six-bed respite care program to be housed in unit E. Winfield also proposes a reduction in the average daily census from 390 to 361 residents, with an associated drop in FTE from 1,002.5 in FY 1990 to 872.5 by January, 1992.

Proposed FY 1992 Budget Reductions. The 1990 Legislature mandated "that of the moneys appropriated for SRS for the current fiscal year, expenditures shall be made for the development and implementation of a plan which shall be submitted by the Secretary of SRS to the Legislature on or before January 15, 1991, and which makes provisions to move a total of at least 50 clients from KNI, Parsons State Hospital or Winfield State Hospital into community placements and community facilities for persons who have mental retardation or other developmental disabilities." The Legislature further sets out nine specific areas to be included in the plan, including a recommended target date of June 1, 1991, for placement of 50 or more clients into community programs.

SRS presented testimony regarding the plan to the SRS Task Force Subcommittee on Mental Health and Retardation Services during the interim session. As of October 19, 1990, 12 clients were placed into the community from KNI, nine from Parsons State Hospital and Training Center, and nine from Winfield State Hospital and Training Center.

For FY 1992, Winfield State Hospital intends to further reduce its census by another 20 residents, reducing the average daily census at the hospital from 390 during FY 1991 to 361 in FY 1992. In conjunction with the census reduction, Winfield proposes a reduction of 130 FTE positions with a corresponding salary and wage reduction of approximately \$1,885,999. Of the 130 positions, ten Activity Therapists I positions (\$22,577 each including fringe benefits) would be eliminated through attrition at the end of FY 1991. The remaining 120 positions would be gradually eliminated throughout the first six months of FY 1992. The agency has not specified the 120 job titles to be eliminated but has indicated which programs the positions would come from. The breakdown is as follows:

Program	Position Reduction	Amount Reduced
Administration	8	\$ 108,957
Developmental Training	75	1,107,838
Activity Therapy	1	11,159
Allied Clinical	3	42,706
Medical and Surgical	2	23,251
Engineering and Prot.	14	194,558
Supply Services	3	34,591
Dietary	13	133,905
Laundry	1	12,307
TOTAL	<u>120</u>	<u>\$ 1,669,272</u>

In addition to salary and wage reductions, the agency proposes reductions in the following object codes: communications (\$2,000); printing and advertising (\$1,212); rents (\$330); travel and subsistence (\$100); fees-other services (\$4,135); contractual services (\$60); clothing (\$4,205); food (\$43,464); professional supplies (\$23,430); office supplies (\$2,100); and housekeeping supplies (\$15,250), for a total of \$96,286.

The Governor recommends \$29,730,985 for state operations in FY 1992, a decrease of \$1,182,693 from the agency's request. Reductions occur for salaries and wages (\$778,556); fees-other services (\$10,250); fees-professional services (\$73,266); utilities (\$164); clothing (\$13,689); food (\$6,332); professional supplies (\$30,971); office supplies (\$3,546); housekeeping supplies (\$17,801); and capital outlay (\$248,118). The Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, unclassified merit pool, and a cost-of-living increase; but these items are excluded from the detailed expenditure estimates for each agency. The Governor concurs with the position reductions requested by the agency; however, the Governor recommends an average daily census of 340 clients, rather than the average daily census requested by the agency. The Governor's recommendation reduces requested State General Fund financing by \$1,017,693 and fee fund financing by \$165,000. Although a reduction in State General Fund financing and decreases in both census and FTE positions would appear likely to affect the agency's Medicaid receipts, the

Governor's recommendation does not include a corresponding decrease in the amount of Title XIX financing. In addition to state operations, the Governor recommends \$204,300 from the State Institutions Building Fund for capital improvements. The recommendation is a reduction of \$38,500 from the agency's request and would provide funds for the agency to remodel Juniper Building dorms and restrooms.

Senate Subcommittee Recommendation

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

1. Delete \$143,458 for salaries and wages from the State General Fund to accurately reflect the Governor's recommendation.
2. Delete \$50,868 from the State General Fund for the special education contract. The reduction eliminates the 4.0 percent salary increase in FY 1992 for special education teachers' salaries.
3. Add \$25,000 from the State General Fund and \$35,620 from Title XIX for a total of \$60,620 to be utilized by the agency to aid clients during the transition from the institution to the community. The Subcommittee learned that this year more than 50 percent of clients placed in the community eventually return to the institutions. The purpose of this new funding is to assist with these transitions and greatly improve the rate of success in these placements.

Senate Capital Improvement Subcommittee Recommendation

The Subcommittee recommends that the agency present to the Building Committee a long-term plan detailing client movement from each hospital and the subsequent effect on capital improvements to these institutions.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittees.

Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Sub. Adjustments</u>
State Operations:			
State General Fund	\$ (169,326)	\$ 12,913,989	\$ (130,833)
General Fee Fund	--	1,473,768	--
Medicaid	35,620	14,970,124	--
Foster Grandparents	--	190,844	--
Other Funds	--	48,554	--
Subtotal	<u>\$ (133,706)</u>	<u>\$ 29,597,279</u>	<u>\$ (130,833)</u>
Capital Improvements:			
State Inst. Bldg. Fund	<u>\$ --</u>	<u>\$ 204,300</u>	<u>\$ --</u>
TOTAL	<u><u>\$ (133,706)</u></u>	<u><u>\$ 29,801,579</u></u>	<u><u>\$ (130,833)</u></u>
Average Daily Census	--	340	--
FTE Positions	--	992.5	--

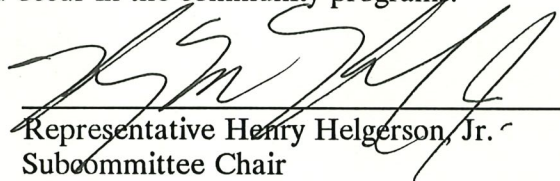
House Subcommittee Recommendation

The House Subcommittee concurs with the Senate with the following adjustments and observations:

1. Delete \$130,833 State General Fund to reflect a 1.0 percent savings. At the Subcommittee's request, the agency presented a specific proposal for making the reductions recommended by the Subcommittee; however, to allow the agency maximum flexibility, the Subcommittee does not make express program cuts within this budget. Nevertheless, the Subcommittee anticipates that the reduction will not affect direct care staffing levels.
2. The Subcommittee recognizes that, to accurately reflect the agency's budget, any reduction to State General Fund dollars should have a corresponding reduction in Title XIX funding. To allow the agency maximum flexibility, the Subcommittee recommends that a reduction not be made in the Title XIX expenditure limitation. The Subcommittee cautions that this may cause the agency's budget to appear larger than it actually is and recommends that Title XIX receipts be carefully reviewed by the 1992 Legislature.
3. The House Subcommittee concurs with the Senate's recommendation to add \$25,000 State General Fund (\$60,620 all funds) to enable the agency to aid clients during the transition from the institution to the community. The Subcommittee notes that revised statistics from the agency indicate that the rate of return from community placements to the institutions is approximately 30 percent, rather than 50 percent reflected in the Senate Subcommittee report. The Subcommittee recommends that a separate program code be established by the institution to

allow it to track dollars expended for transition. The Subcommittee expects MHRS to present information to the Legislature during the next session documenting how many clients return to each mental retardation hospital from community programs, the reason for each return, the date each client was placed in the community and the date of the client's return to the institution.

- 4. Change the bill to allow the agency to retain their position limitation of 992.5 FTE through June 30, 1992 instead of reducing the FTE by 872.5 positions on January 1, 1992 as recommended by the Governor. The Subcommittee reviewed the three-year plan for MR/DD presented by Mental Health and Retardation Services. The Subcommittee approves of the systemwide plan to downsize the state mental retardation institutions and large-bed, for profit ICFs/MR; with a corresponding move toward community placement. The Subcommittee expects the plan to be implemented within the time frame established by the Governor but recognizes that difficulties may arise. It is the Subcommittee's intent to allow the agency some flexibility by restoring the FTE position limitation. Although recognizing that a delay in client movement may require additional funds, the Subcommittee believes that the agency should be able to manage within existing resources. The Subcommittee notes that if movement is not completed within the designated time, savings should occur in the community programs.


 Representative Henry Helgerson, Jr.
 Subcommittee Chair


 Representative Gary Blumenthal


 Representative Duane Goossen


 Representative Sheila Hochhauser


 Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Department of Social and Rehabilitation Services - Bill No. 340

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 720

Budget Page No. 522

<u>Expenditure Summary</u>	<u>Agency Req. FY 91</u>	<u>Gov. Rec. FY 91</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 165,485,169	\$ 164,145,217	\$ (159,352)
Local Aid	33,686,870	33,686,870	(774,298)
Other Assistance	737,085,848	751,944,786	(3,914,680)
Subtotal -- Operating	<u>\$ 936,257,887</u>	<u>\$ 949,776,873</u>	<u>\$ (4,848,330)</u>
Capital Improvements	5,747,416	6,220,520	--
TOTAL	<u><u>\$ 942,005,303</u></u>	<u><u>\$ 955,997,393</u></u>	<u><u>\$ (4,848,330)</u></u>
State General Fund:			
State Operations	\$ 68,725,746	\$ 65,911,693	\$ (24,054)
Local Aid	31,396,090	31,396,090	(774,298)
Other Assistance	312,015,828	307,170,931	(1,835,774)
Subtotal -- Operating	<u>\$ 412,137,664</u>	<u>\$ 404,478,714</u>	<u>\$ (2,634,126)</u>
Capital Improvements	--	117,670	--
TOTAL	<u><u>\$ 412,137,664</u></u>	<u><u>\$ 404,596,384</u></u>	<u><u>\$ (2,634,126)</u></u>
FTE Positions	3,202.7	3,213.7	--

Agency Request/Governor's Recommendation

SRS requests revised FY 1991 operating expenditures of \$936.3 million, including \$412.1 million from the State General Fund. The revised request is an increase of \$66.6 million from the approved budget, including \$20.7 million from the State General Fund. During FY 1990, the agency expended approximately \$3.6 million in reappropriations to reduce the amount of medical assistance claims pending to FY 1991. Thus, the agency's revised estimate actually reflects a shortfall of \$24.3 million from available resources. The agency's revised request includes supplemental funding from the State General Fund of \$18.3 million in medical assistance, \$2.6 million in foster care for caseload growth, and \$3.4 million to continue the current General Assistance program. The agency attributes the medical assistance supplemental to continuation of the MediKan program, higher than anticipated expenditures for the pregnant women and children population, and the implementation of a new hospital reimbursement system.

The agency's revised request includes 3,202.7 FTE positions, a reduction of 35.5 FTE positions from the approved level. The request includes funding for six new positions in FY 1991. The agency's estimate assumes delay of KanWork implementation to seven additional counties until FY 1992. The 1990 Legislature authorized 86.0 FTE positions and \$2.0 million to finance the expansion. This funding is utilized elsewhere in the budget to reduce the agency's supplemental request.

HA
4-4-91
Attachment 8

Although the submitted budget reflects a net reduction of 35.5 FTE positions from the approved level, the 86.0 positions approved for KanWork expansion have not been entirely eliminated but are used elsewhere or counted as a part of the reduction of 55 central office positions recommended by the 1990 Legislature.

The Governor recommends expenditures of \$956.0 million in FY 1991, an increase of \$81.5 million from the approved budget. The recommendation includes \$404.6 million from the State General Fund, an increase of \$13.1 million from the approved amount. Total supplemental funding of \$16.8 million from the State General Fund is recommended, including \$3.7 million which the 1990 Legislature recommended be reappropriated for FY 1991 and which the agency expended in FY 1990 to reduce the amount of pending medical claims.

The Governor's recommended supplemental funding for Medical Assistance totals \$81.3 million, including \$46,144,657 from state funds. The state share includes \$17,786,469 from the State General Fund and \$28,358,188 from the SRS Fee Fund. The Governor's recommendations assume that disproportionate share payments to the state hospitals will be greater than previously anticipated. The Governor's recommendation includes supplemental funding of \$14,450,785 to continue the current MediKan program through April and \$1,486,751 to continue the current General Assistance program until April 1, 1991. A modified General Assistance program would be implemented effective April 1, 1991 and a modified MediKan program would be implemented by May 1, 1991. The modified program would restrict coverage to families and to disabled individuals with disabilities expected to last six months or longer. In addition, the MediKan program would provide only primary care services, with no funding for hospital care.

The Governor's FY 1991 recommendation includes funding for 3,213.7 FTE positions, an increase of 11 from the agency estimate. The Governor's recommendation includes funding for 11 program technician positions in association with new federal child care funds.

Senate Subcommittee Recommendation

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

1. Add \$484,500 from the State General Fund to continue the General Assistance program in its current form until July 1, 1991, with a further recommendation that a modified program be implemented at that time.
2. Delete \$405,789 from the State General Fund and add \$405,789 from federal funds as a technical adjustment to reflect the correct federal match rate for the AFDC program.
3. Delete \$1,086,907 from the State General Fund (\$2,474,180 All Funds) from medical assistance savings due to a delay in implementing a new federal mandate pertaining to the pharmacy program.
4. Delete \$946,000 from the State General Fund (\$2,200,000 All Funds) from long-term care medical assistance savings due to a delay in implementing a new federal mandate pertaining to VA pensions.

5. Delete \$39,054 from the State General Fund (\$90,824 All Funds) in state operations due to a delay in filling 11 new program technicians associated with new federal child care funds.
6. Delete \$83,528 from the SRS fee fund due to a technical adjustment.
7. Delete \$774,298 from the State General Fund for special purpose grants due to savings as a result of a delay in client placement. The Subcommittee makes further recommendations concerning the use of these funds in the remainder of the FY 1991 report and in the FY 1992 report.
8. The Governor's recommendation for FY 1991 includes movement of 50 clients from state mental retardation institutions to the community. In addition, the recommendation assumes that 20 individuals with a dual diagnosis of mental retardation/mental illness will be moved from Topeka State Hospital to a state mental retardation institution or to the community. The net effect of this recommendation is the movement of 70 individuals from the state mental retardation institutions to the community during FY 1991. Due to confusion as to whether these placements would take place in FY 1991 or FY 1992, Home and Community Based Services (HCBS-MR) slots approved in FY 1991 have already been allocated through the SRS area offices to community providers. The Governor's FY 1992 recommendation includes funding for 78 HCBS-MR slots under the existing waiver for the last six months of FY 1992. The Subcommittee recommends that these slots be filled in FY 1991 with a portion of the savings in special purpose grant funds. The Subcommittee recommends the expenditure of \$118,422 from the State General Fund (\$275,000 All Funds) for three months of institutional client placement in FY 1991. In addition, the Subcommittee recommends the addition of \$15,000 from the State General Fund in order to enable the agency to purchase technical assistance in establishing tiered HCBS rates geared to the level of the client. The net result of these recommendations is a reduction of \$640,876 from the State General Fund in FY 1991.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole

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

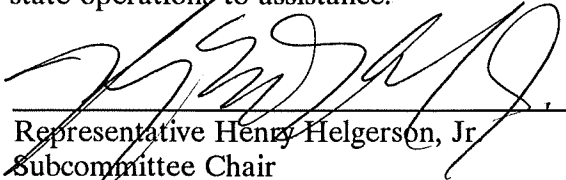
<u>Expenditure Summary</u>	<u>Senate Adj. FY 91</u>	<u>Senate Rec. FY 91</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (159,352)	\$ 163,985,865	\$ (1,735)
Local Aid	(774,298)	32,912,572	(10,800)
Other Assistance	(3,914,680)	748,030,106	(15,000,098)
Subtotal -- Operating	<u>\$ (4,848,330)</u>	<u>\$ 944,928,543</u>	<u>\$ (15,012,633)</u>
Capital Improvements	--	6,220,520	--
TOTAL	<u><u>\$ (4,848,330)</u></u>	<u><u>\$ 951,149,063</u></u>	<u><u>\$ (15,012,633)</u></u>
State General Fund:			
State Operations	\$ (24,054)	\$ 65,887,639	\$ (4,902)
Local Aid	(774,298)	30,621,792	0
Other Assistance	(1,835,774)	305,335,157	(950)
Subtotal -- Operating	<u>\$ (2,634,126)</u>	<u>\$ 401,844,588</u>	<u>\$ (5,852)</u>
Capital Improvements	--	117,670	--
TOTAL	<u><u>\$ (2,634,126)</u></u>	<u><u>\$ 401,962,258</u></u>	<u><u>\$ (5,852)</u></u>
FTE Positions	--	3,213.7	(5.0)

House Subcommittee Recommendations

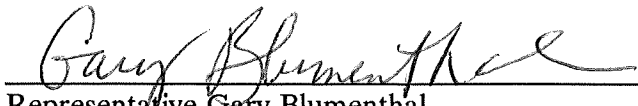
The House Subcommittee concurs with the recommendations of the Senate with the following exceptions:

1. Delete \$5,852 from the State General Fund and add \$5,852 from federal funds as a technical adjustment to the AFDC program.
2. Add \$550,000 from the Alcohol, Drug Abuse and Mental Health block grant to maintain existing treatment grants.
3. Delete \$14,400,000 from the SRS Fee Fund (\$20,200,000 All Funds) in regular medical assistance based on expenditures to date and caseload experience.
4. Add \$2,200,000 from the SRS Fee Fund (\$4,500,000 All Funds) in long-term care for costs due to an injunction issued in the pending nursing home lawsuit.
5. Add \$137,367 from federal funds as a technical adjustment to reflect a federal grant received by the Department to treat drug exposed infants as recommended by Governor's Budget Amendment No. 1.
6. Shift \$10,800 in federal developmental disability funds from aid to local units to contractual services as a technical adjustment as recommended by Governor's Budget Amendment No. 1.

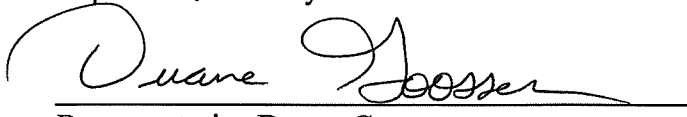
- 7. Delete 5.0 FTE positions and shift \$4,902 from the State General Fund (\$12,535 All Funds) in child care funds from state operations to assistance.



Representative Henry Helgerson, Jr.
Subcommittee Chair



Representative Gary Blumenthal



Representative Duane Goossen



Representative Sheila Hochhauser



Representative Jo Ann Pottorff

SUBCOMMITTEE REPORT

Agency: Department of Social and Rehabilitation Services Bill No. 162

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 720

Budget Page No. 522

<u>Expenditure Summary</u>	<u>Agency Req. FY 92</u>	<u>Gov. Rec. FY 92*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 187,466,633	\$ 165,964,216	\$ (465,876)
Local Aid	47,878,678	37,187,271	--
Other Assistance	824,263,141	824,977,418	(25,042,371)
Subtotal -- Operating	<u>\$ 1,059,608,452</u>	<u>\$ 1,028,128,905</u>	<u>\$ (25,508,247)</u>
Capital Improvements	5,944,550	6,032,664	--
TOTAL	<u><u>\$ 1,065,553,002</u></u>	<u><u>\$ 1,034,161,569</u></u>	<u><u>\$ (25,508,247)</u></u>
State General Fund:			
State Operations	\$ 83,169,854	\$ 70,046,989	\$ (217,029)
Local Aid	44,918,321	34,996,491	--
Other Assistance	357,375,077	335,384,821	(8,823,555)
Subtotal -- Operating	<u>\$ 485,463,252</u>	<u>\$ 440,428,301</u>	<u>\$ (9,040,584)</u>
Capital Improvements	--	128,785	--
TOTAL	<u><u>\$ 485,463,252</u></u>	<u><u>\$ 440,557,086</u></u>	<u><u>\$ (9,040,584)</u></u>
FTE Positions	3,452.7	3,310.2	(13.0)

* Excludes amounts reserved for employee compensation.

Agency Request/Governor's Recommendation

SRS requests a FY 1992 operating budget of \$1.1 billion, a 13.2 percent increase from the revised FY 1991 estimate. The request includes \$485.5 million from the State General Fund, a 17.8 percent increase. The request includes funding for 3,452.7 FTE positions, a net increase of 250 positions, and includes a request for 254 new positions.

The agency's request includes funding for the following new initiatives: (1) development and implementation of an automated system for employment preparation services (\$2,547,725), (2) expansion of KanWork and JOBS in April, 1992 (\$1,986,174 and 111 FTE positions), (3) study and pilot project for Electronic Benefits Transfer (\$46,973 and 1.0 FTE), (4) vocational rehabilitation transition planning for special education clients (\$2,000,675 and 11 FTE), (5) adult care home prescreening teams (\$1,074,000 and 32 FTE), and (6) youth services permanency planning teams (\$568,477 and 24 FTE).

The request also includes increased funding for the Medicaid Management Information system (\$693,333), and for the agency's contract with KDHE for nursing home inspection (\$716,174).

The request includes funding for additional staffing in area office administration (\$682,873), the second phase of mental health reform (\$2,147,020), expansion of the Home and Community Based Services (HCBS) Mentally Retarded (MR) waiver (\$4,483,089), a family subsidy program (\$2,049,350), 4 percent grant increases for AFDC recipients (\$4,299,389), and rate and coverage adjustments in the medical assistance program (\$22,469,700).

The Governor's current resources recommendation for operating expenditures in FY 1992 totals \$933.2 million, which is a reduction of \$16.6 million from the FY 1991 recommendation. The current resources recommendation includes \$390.0 million from the State General Fund, a reduction of \$14.5 million from the FY 1991 recommendation. The current resources recommendation includes funding for 3,310.2 FTE positions, a net increase of 96.5 FTE from the FY 1991 recommendation. 100.5 FTE new positions are recommended and four positions are eliminated in the Governor's recommendation. The recommendation includes 60.5 FTE positions in employment preparation for the last quarter of FY 1992 in anticipation of KanWork expansion, 28 new child care staff positions, and 12 income maintenance field staff for outposting to disproportionate share hospitals.

The current resources recommendation includes the following program modifications and reductions: elimination of General Assistance effective September 1, 1991; elimination of MediKan effective September 1, 1991; elimination of Medically Needy program effective January 1, 1992, with substitution of an alternative program for certain long-term care clients; elimination of burial and emergency assistance effective September 1, 1991; elimination of most optional medical services for adults effective September 1, 1991; no further expansion of mental health reform; reduction in community mental retardation special purpose grants; and no rate increase for hospitals or long-term care facilities.

The Governor's enhanced operating budget for FY 1992 totals \$1.0 billion, an increase of \$95 million from the current resources recommendation. The Governor's recommendation maintains the general assistance and MediKan programs in the modified form as recommended for FY 1991, maintains the medically needy program and optional medical services, maintains burial and emergency assistance, and allows for expansion of mental health reform. In addition, funding is included to annualize community mental retardation special purpose grants. Funding is also recommended to restore the \$9 per person per month AFDC cash grant reduction. In addition, funding is recommended to provide a 6 percent inpatient hospital rate increase and a 4 percent rate increase for adult care homes and ICF-MR facilities.

Senate Subcommittee Adjustments

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

1. Delete \$4,208,708 from the State General Fund (\$9,303,217), to forego restoration of the \$9 per person per month cash grant reduction. The Governor's enhanced budget recommended a \$9 per person per month cash grant increase.
2. Delete \$384,332 from the State General Fund and add \$384,332 from federal funds as a technical adjustment to reflect the correct federal match rate for the AFDC program.

3. The Subcommittee concurs with the recommendation in the Governor's enhanced budget for a modified General Assistance program in FY 1992. The program is recommended essentially in the same form as recommended by the 1990 Legislature, with the exception of coverage for caretaker relatives. No program modifications have taken place pending resolution of current litigation. The Subcommittee recommends that a modified program be implemented effective July 1, 1991. The Subcommittee further recommends that the scope of the modified program be defined and described in a proviso in the appropriations bill. In the current resources budget, the Governor recommended elimination of the program effective September 1, 1991.
4. Add \$3,400,000 from the State General Fund to continue the MediKan program in its current form until July 1, 1991. The recommendation represents two months expenditures which would be incurred in FY 1991, but paid in FY 1992. The Subcommittee concurs with the Governor's enhanced budget recommendation for a modified MediKan program in FY 1992. In the current resources budget, the Governor recommended elimination of the program effective September 1, 1991. Program expenditures for the modified primary care program in FY 1992 would total \$3.9 million, including \$2.6 million for physician services, \$800,000 for prescription drugs, and \$500,000 for community mental health center services. No funding is included for hospital services.
5. The Subcommittee concurs with the continuation of the burial assistance program but recommends the deletion of \$150,710 from the State General Fund to provide a total of \$795,709 for the program in FY 1992, the same amount as in the current year. In the current resources budget, the Governor recommended that this program be eliminated effective September 1, 1991.
6. The Subcommittee concurs with the continuation of the emergency assistance program but recommends the deletion of \$12,158 from the State General Fund (\$24,316 All Funds) to provide a total of \$486,338 for the program in FY 1992, the same amount as in the current year. In the current resources budget, the Governor recommended that this program be eliminated effective September 1, 1991.
7. Add \$8,090 from the State General Fund to provide a total of \$350,000 for the Kansas Legal Services Social Security Advocacy Project in FY 1992. The Social Security Advocacy program targets General Assistance recipients who currently receive state assistance and assists those clients in applying for and obtaining federal Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits.
8. The Subcommittee heard testimony from Kansas Legal Services concerning a recent U.S. Supreme Court decision in *Zebley v. Sullivan* which has brought about a major expansion in eligibility for SSI benefits for children. SRS is currently discussing the possibility of contracting with Kansas Legal Services to pursue SSI benefits for children in foster care and at state youth centers who may be eligible for this program. Kansas Legal Services estimates that 1,100 children currently in SRS custody could be eligible. The Subcommittee recommends that the House review the progress of these discussions and further recommends that this item

be discussed during the Omnibus Session. Preliminary discussions are also taking place between SRS and Kansas Legal Services concerning a Medicare advocacy project to assist dually eligible Medicaid/Medicare clients who have been denied Medicare. The Subcommittee believes that both these projects could result in savings to the state and are worthy of further review.

9. Delete \$3,179,250 from the State General Fund (\$7,754,268 All Funds) to limit coverage under the Medically Needy Family program to pregnant women and children through age 7. Currently, older children and family members are also eligible. The Governor's current resources recommendation includes the elimination of this program. Although the medically needy program is an optional program under federal Medicaid regulations, if a state chooses to have a medically needy program this population must at a minimum be covered. This change would be effective September 1, 1991. On an annualized basis, this recommendation results in savings of \$4,239,000 from the State General Fund (\$10,339,024 All Funds).
10. Delete \$1,560,020 from the State General Fund (\$3,804,926 All Funds) from long-term care to replace the Medically Needy program for the elderly and disabled in nursing homes with a different optional program providing coverage for individuals with incomes up to 250 percent of the Supplemental Security Income (SSI) benefit level (\$1,017 per month). The Governor's current resources recommendation provides coverage for aged and disabled persons with incomes up to 150 percent of the Supplemental Security Income (SSI) benefit level (\$610 per month). This program change would be effective September 1, 1991. The annualized savings are estimated to total \$2,080,026 from the State General Fund (\$5,073,235 All Funds). The Subcommittee would note that the Governor's current resources recommendation eliminated coverage for medically needy aged and disabled living in their own homes or community settings. The Subcommittee recommends that coverage for this population be continued under the medically needy program. The Subcommittee further recommends that the scope of the new medically needy program be defined and described in a proviso in the bill.
11. Delete \$330,526 from the State General Fund (\$735,969 All Funds) to eliminate coverage effective September 1, 1991 of the following optional medical services for adults: optometry, hearing, podiatry, and chiropractic services. The annualized savings from this reduction are estimated to total \$440,701 from the State General Fund (\$981,292 All Funds). The Subcommittee notes that the Governor's current resources recommendation also proposed elimination of coverage for prescription drugs, local health departments, community mental health centers, medical supplies, transportation, dental, and psychologist services. The Subcommittee did not concur with deletion of these services.
12. The Subcommittee recognizes that the above recommendations result in some individuals losing eligibility for medical assistance. The Subcommittee would note that legislation passed during the 1990 Session (S.B. 736) extends coverage of the Tort Claims Act to health care providers who provide charitable professional care services to medically indigent persons. A clarifying bill is under consideration this Session. The Subcommittee supports the continued establishment of clinics such

as the Marian Clinic and the Hunter Health Clinic and is encouraged that SRS is working with the Marian Clinic to develop a handbook for communities seeking to establish these services. In addition, the Subcommittee would note 1990 H.B. 2019 which would authorize the establishment of pilot primary care projects at local health departments and is encouraged that additional service options are becoming available for the medically indigent population.

13. The Subcommittee heard a proposal from the Secretary concerning strategies to relieve the current pressure on the foster care system. Within the funding recommended by the Governor, the Secretary requested that discretion be given to the Department to expend \$1.0 million in state funds for contracted case management, for early intervention/observation beds and for a placement resource information center. Federal matching funds would also be used where available. Included in the proposal are 2.0 FTE new positions to staff a resource center which would make use of the existing child abuse hotline to provide current information on group home vacancies and areas of specialization. The Subcommittee concurs with the Secretary's proposal and recommends the addition of proviso language authorizing recommended funding to be used in this manner.
14. The Subcommittee also notes that several bills have been introduced concerning the provision of children's services, including proposals to create a Governor's Commission on Children and Families, a proposal to create a children's services planning council, and proposals to develop a local children's authority pilot project and children's services planning councils at the judicial district level. The Subcommittee is encouraged that innovative proposals addressing the delivery of children's services are being discussed by the Legislature and is hopeful that improvement in the administration and delivery of children's services can result from these efforts.
15. Add \$44,881 from the State General Fund (\$75,000 All Funds) in operating expenditures associated with general maintenance at the Wichita State Office Building as recommended by the Joint Committee on State Building Construction.
16. Add \$100,000 from the State General Fund for the guardianship program, to provide a total of \$972,927 for the program in FY 1992. In addition, the Subcommittee recommends that two separate line items be included in the bill for guardianship and the Kansas Advocacy and Protective Services (KAPS) operating support as in past years.
17. The Subcommittee recommends the addition of proviso language authorizing the purchase of malpractice insurance for doctors and dentists at the state institutions as a technical adjustment to the bill.
18. Add \$30,461 from the State General Fund for KanWork costs associated with General Assistance clients in conjunction with the recommendation that the General Assistance program be continued in FY 1992.
19. Delete \$98,966 from the SRS fee fund due to a technical adjustment.

20. The Subcommittee heard testimony from St. Joseph Medical Center in Wichita concerning a nurse case management project which has been initiated for Medicare clients. A representative of the hospital presented a proposal for a pilot case management study for frail elderly and chronically ill Medicaid recipients. Results of the Medicare project indicate that nurse case management has been effective in reducing hospital and nursing home admissions, length of stay, and costs. The Subcommittee recommends that SRS contract for this pilot project and believes that such an approach holds promise in the continuum of long-term care.
21. The Subcommittee concurs with the addition of 12.0 FTE positions in response to a federal requirement that income maintenance workers be outstationed to hospitals that serve a disproportionate share of medical assistance clients. The Subcommittee further notes that the agency has suggested that these employees also be used for long-term care prescreening and supports this proposal.
22. The Subcommittee heard a report from the Department concerning the status of the pending adult care home reimbursement litigation. The Subcommittee was informed that the Department has been ordered to lift the rate freeze on adult care home reimbursement which was approved by the 1990 Legislature. The agency estimates that additional costs in FY 1991 could total \$5.3 million from the State General Fund; the changes are estimated to cost an additional \$12.6 million from the State General Fund in FY 1992. The Subcommittee makes no recommendation on additional funding at this time but recommends that the House review this item as more information becomes available and that it be further reviewed during the Omnibus Session.

The Subcommittee takes note of the fact that the state's Medicaid plan for reimbursement of nursing facilities is currently under attack in two lawsuits allegedly filed on behalf of adult-care providers: *Americare v. SRS*, in the District Court of Shawnee County, and *KHCA v. SRS*, in federal District Court. Both of these lawsuits were filed in response to the agency's efforts to encourage cost containment in the nursing home industry, as recommended by the 1990 Legislature.

Documents provided by the agency show that adult care expenditures doubled during the 1980s, while the number of Medicaid residents grew by less than 3 percent. Despite this fact, the Legislature again approved a significant increase in Medicaid funding for FY 1991 -- about \$30 million, in terms of total state and federal contributions. This represented a 22 percent increase in 1991 alone, and the final figure will probably approach 30 percent once the agency's various budget appeals have been considered.

Both this Subcommittee and the full Legislature are mindful of their responsibilities to older Kansans, and particularly those who are no longer able to provide for themselves. That is why we have consistently recommended increased appropriations for the adult care program, even at times when we were forced to cut back in other areas because of severe revenue shortfalls. But we are also mindful of the fact that SRS administers a wide variety of programs, providing aid to expectant mothers; abused and neglected children; the blind, disabled and

medically needy, among other worthy recipients. Adult care is an important part of the agency's overall mission, but it is still only one part. This Subcommittee has a responsibility to allocate Kansans' tax dollars fairly, and we abdicate that responsibility when we permit SRS to favor one category of recipients at the expense of all the others.

We are therefore concerned and disappointed when the nursing home industry tells us that no matter how much we have done, it is still not enough. The Subcommittee continues to believe that cost-containment in the Medicaid program is a primary goal of the federal Boren Amendment, which mandated that payment rates need to be adequate only to reimburse efficiently and economically operated providers for those costs that must be incurred. The Legislature has given this "efficient-cost" standard the force of state law. Despite this clear indication of both congressional and legislative intent, the nursing homes continue to apply to the courts for relief from economic and budgetary realities.

The Subcommittee commends SRS' efforts to encourage efficiency and economy of operation among Kansas adult care providers, and urges that SRS continue its vigorous defense against the current lawsuits. The Subcommittee strongly endorses SRS' view that neither Congress nor the Legislature intended Medicaid as a mechanism for ensuring continued profitability in the nursing home industry. The language of the Boren Amendment specifies that only efficiently and economically operated providers are to receive their full costs of operation. The fact that more than enough Medicaid beds remain available to serve projected needs provides a clear indication that Kansas payment rates continue to satisfy the Boren Amendment standard. If that situation changes, then we are confident the Secretary will return before this Subcommittee to request supplemental appropriations.

The Subcommittee endorses SRS' continued efforts to hold the line on the rising costs of nursing care, especially the so-called "central office" costs incurred by nursing facilities which are part of regional or nationwide chains. In many cases, these "central offices" are located in another state, and the Subcommittee is concerned that the interstate nature of such operations not be used as a shield to frustrate effective legislative and administrative oversight. We will be guided by the Secretary's recommendations in this area.

In line with the Boren Amendment goal of promoting cost-containment in the nursing home industry, we specifically endorse the Secretary's proposal for modifying the current payment system to take into account the level of care provided to each nursing home resident. We further recommend that SRS perform an analysis and make findings with regard to the feasibility of a system whereby reimbursement rates are based upon actual costs incurred during a "base year," with increases thereafter limited to annual adjustments for inflation and necessary capital expenditures. Finally, the Subcommittee believes strongly that nursing home admissions under the Medicaid long-term care program should be based upon a finding of medical necessity, and urges continued screening of admissions records to ensure that tax dollars are going where they are needed the most.

The Subcommittee believes that these recommendations are fully in accord with the goals of efficiency and cost-containment set forth in the Boren Amendment. We are certain that SRS might like to do more, and perhaps in the future we will be able to fund the long-term care program at a more generous level. However, this Subcommittee must balance its concern for Medicaid recipients with its responsibility to provide adequate funding for the full range of SRS programs, within the constraints imposed by fiscal realities.

**ADULT CARE HOME MEDICAID RESIDENTS
1980-1989 UTILIZATION TRENDS**

<u>Year</u>	<u>Medicaid Recipients</u>	<u>Annual Percentage Change</u>
1980	12,415	
1981	12,712	+2.4%
1982	12,722	0.0
1983	12,733	0.0
1984	12,368	-2.9
1985	12,136	-1.9
1986	12,073	-0.5
1987	12,167	+0.8
1988	12,475	+2.5
1989	12,755	+2.2

EXPENDITURE TRENDS

Long-Term Care/HCBS

Year	Annual Expenditures	Annual Percentage Increase Since 1980 Base Year
1980	\$ 73,903,459	
1981	81,028,808	9.64%
1982	83,638,563	3.22
1983	85,318,957	2.01
1984	92,357,389	8.25
1985	95,195,652	3.07
1986	101,335,226	6.45
1987	109,449,566	8.01
1988	126,328,111	15.42
1989	143,931,312	13.93

The Subcommittee reaffirms the mandates of K.S.A. 39-708c(x) as amended by Chapter 152 of the *1990 Session Laws* that:

. . . The secretary [of SRS] shall not be required to make any payments under the state medicaid plan which do not meet requirements for state and federal financial participation.

(1) The secretary shall consider budgetary constraints as a factor in establishing payment schedules so long as the result complies with state and federal law.

(2) The secretary shall establish payment schedules for providers of hospital and adult care home services under the medicaid plan that are reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities in order to provide care and services in conformity with applicable state and federal laws, regulation, and quality and safety standards. The secretary shall not be required to establish rates for any such facility that are in excess of the minimum necessary to efficiently and economically meet those standards regardless of any excess costs incurred by any such facility.

The Subcommittee endorses the actions of the Secretary to attempt to establish payment schedules under those mandates.

The Subcommittee notes that a temporary injunction decision of the United States District Court at least temporarily requires some changes of nursing facility payment methods. With respect to these and any future changes, the

Subcommittee notes its findings that the following methodology shall be deemed a reasonable means of establishing reimbursement rates for Kansas Medicaid adult care facilities.

SRS may use Calendar Year 1991 as the base year for rate determination. All adult care homes shall then be required to file a 12-month cost report for the calendar year ended December 31, 1991. The cost reports will then be used for establishing upper payment limits. Individual base year rates will then be determined subject to these limitations. The formula for that rate determination will then be the lower of the individual base rate for each adult care home with an allowance for inflation (which may include an established inflation factor for administrative and medical separately) or the upper limit plus federal mandates, as appropriate.

Further, that the rate for reimbursement to the individual adult care home for the state's fiscal year 1993, effective July 1, 1992, shall be reasonable if computed as follows: The upper payment limits may be determined by taking the aggregate cost report data base for Calendar Year 1991 expenditures and adding an inflation allowance. This will then provide the new upper limit base rate for fiscal year 1993. The individual rates will then be determined by taking the lower of the individual base rate from the CY 1991 cost report plus the inflation rate, or the upper limit. Additional reimbursement factors for federal mandates, if appropriate, will be added to the base rate allowance. This computation will then provide the new rate for each home for FY 1993 beginning July 1, 1992.

Further, the upper payment limits may be refined as adult care home costs are compared to like costs in regional areas. The rates may be further refined by the use of a case mix formula which would give attention to the level of care needed by each individual adult care home resident.

Further, that a per diem limit on central office costs shall be deemed reasonable if imposed as follows: Any such limit will be within the overall Administrative Cost Center limit, and will be based on an array of all provider cost reports, regardless of whether the provider has central office costs reported. The 75th percentile of the array of line 108, central office costs, on the Adult Care Home Financial Report, will set the upper per diem limit. Central office costs which exceed this percentile limit shall be disallowed. The excess central office costs which are disallowed shall be added back to the total reported costs for determining the incentive allowance.

The Subcommittee further recommends proviso language be included in the bill describing the proposed reimbursement system and that legislation be introduced to define in statute a formula for adult care home reimbursement.

23. Delete \$270,000 from the State General Fund (\$450,000 All Funds) and 15.0 FTE positions in central office administration.
24. The Subcommittee was informed that SRS and the Judicial Branch are in the process of resolving issues pertaining to the Kansas Automated Eligibility Child

Support Enforcement System (KAECSES). In order to qualify as a statewide child support enforcement computer system, which meets federal compliance requirements, the Judicial Branch's Case Management and Support System (CMASS) must be implemented and communicating with KAECSES. In addition, an interface must be established with the five metropolitan counties which currently have mainframe computer systems. The Subcommittee strongly urges the two agencies to continue to work together to complete this process.

25. Delete \$3,237,646 from the State General Fund (\$7,941,246 All Funds) for pharmacy costs associated with a new federal mandate. The Subcommittee recommends that the impact of this mandate be further studied by the House and reviewed during Omnibus if necessary.
26. Add \$234,738 from the State General Fund (\$558,900 All Funds) to provide six months placement for the HCBS slots funded in FY 1991 for institutional clients. Funding is already included in the Governor's recommendation for HCBS-MR placements in the last six months of FY 1992.
27. Add \$75,276 from the State General Fund (\$183,600 All Funds) to accelerate placements for Winfield State Hospital clients. The Governor's recommendation assumes the movement of 30 additional clients from Winfield by January 1, 1992. However, waiver slots are funded for only the last six months of the fiscal year under the Governor's recommendation. Funding is not available to phase in placements and client movement.
28. Add \$399,320 from the State General Fund as a match for federal vocational rehabilitation funds. This recommendation includes \$330,862 in savings from special purpose grants in FY 1991 and \$68,458 in savings due to a technical correction in the Winfield State Hospital budget. The intent of this recommendation is to allow the Division of Mental Health and Retardation Services to match federal vocational rehabilitation funds which are available on a 77 percent federal/23 percent state match basis. These funds would be used in conjunction with matching vocational rehabilitation funds to provide supported employment and supported living services through purchase of service contracts with community programs. Supported employment programs would provide a community service option with a great degree of integration and would serve persons on the community waiting list for day and residential services. The Subcommittee notes that supported employment programs are time limited, but notes that the most expensive initial intensive client services would be provided with a match of 77 percent federal funds. Ongoing support services would be necessary in future fiscal years but would be less intensive and less costly due to the increased level of client community integration and independence. The HCBS-MR waiver, special purpose grants, and state formula aid would be potential funding sources for ongoing support. The Subcommittee further recommends that the agency utilize the vocational rehabilitation funds to the maximum extent possible, and that any remaining balance of the \$399,320 be used to fund additional slots under the expanded HCBS-MR waiver which was recently approved by the federal government.

29. The Subcommittee concurs with the Governor's recommendation of \$3,565,485 in FY 1992 for mental health reform. This recommendation allows implementation of the second phase of mental health reform in the Osawatomie catchment area, including the closure of a second unit at Osawatomie State Hospital. Although this recommendation exceeds the Governor's current resources recommendation by \$2,365,485, the Subcommittee would note that the agency's original request totaled \$3.7 million, and that the Association of Community Mental Health Centers appeared before the Subcommittee requesting a total of \$3.8 million for mental health reform. The Subcommittee feels strongly that mental health reform should be continued and believes the program is cost effective in the long run.

Senate Committee Recommendation

The Senate Committee concurs with the recommendation of the Subcommittee.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendation of the committee with the following exceptions:

1. Add \$750,000 from the State General Fund (\$1,829,268 All Funds) to provide coverage under the Medically Needy Family program for children up to age 18.
2. Add \$1,488,583 from the State General Fund (\$3,630,690 All Funds) to provide coverage for the elderly and disabled in nursing homes with incomes up to 300 percent of the SSI benefit level. The effect of this recommendation is savings in FY 1992 of \$71,437 from the State General Fund (\$174,236 All Funds), with annualized savings of \$95,249 from the State General Fund (\$232,314 All Funds). Approximately 445 current recipients would lose Medicaid eligibility.
3. Delete \$1,488,583 from the State General Fund (\$3,630,690 All Funds) to require that central office costs in nursing homes be limited to the 60th percentile effective in FY 1992 based on an array of all provider cost reports.

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (465,876)	\$ 165,498,340	\$ 5,206,344
Local Aid	--	37,187,271	50,336
Other Assistance	(23,213,103)	801,764,315	17,792,930
Subtotal -- Operating	<u>\$ (23,678,979)</u>	<u>\$ 1,004,449,926</u>	<u>\$ 23,049,610</u>
Capital Improvements	--	6,220,520	--
TOTAL	<u><u>\$ (23,678,979)</u></u>	<u><u>\$ 1,010,670,446</u></u>	<u><u>\$ 23,049,610</u></u>
State General Fund:			
State Operations	\$ (217,029)	\$ 69,829,960	\$ 3,834,001
Local Aid	--	34,996,491	62,000
Other Assistance	(8,073,555)	327,311,266	(11,284,547)
Subtotal -- Operating	<u>\$ (8,290,584)</u>	<u>\$ 432,137,717</u>	<u>\$ (7,388,546)</u>
Capital Improvements	--	128,785	--
TOTAL	<u><u>\$ (8,290,584)</u></u>	<u><u>\$ 432,266,502</u></u>	<u><u>\$ (7,388,546)</u></u>
FTE Positions	(13.0)	3,297.2	102.0

House Subcommittee Recommendation

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

1. Add \$2,429,250 from the State General Fund (\$5,925,000 All Funds) to provide coverage for adult family members in the medically needy family program. The Senate recommendation deleted coverage for adult family members.
2. Add \$174,236 from the State General Fund for long-term care. The Subcommittee concurs with the recommendation to establish an income cap of 300 percent of SSI (\$1,221) for Medicaid eligibility for nursing facility clients, but further recommends that the 445 clients in nursing homes currently eligible for Medicaid with incomes above this cap be grandfathered in and coverage continued with all state funds. The Subcommittee notes that under the current medically needy program, clients may spend down for eligibility. With the proposed 300 percent of SSI income cap, no individuals with incomes above this level would be Medicaid eligible.
3. Add \$317,007 from the State General Fund (\$705,867 All Funds) to restore Medicaid coverage for optometric and hearing services for adults. The Subcommittee concurs with the Senate recommendation that podiatry and chiropractic services be eliminated.
4. Delete \$4,279,837 from the State General Fund (\$9,312,576 All Funds) for a six percent inflationary increase for hospitals.
5. Delete \$726,280 from the State General Fund (\$1,907,998 All Funds) from long-term care. The Subcommittee recommends that the efficiency factor for nursing homes be eliminated and that the agency review various cost center percentile options to respond to concerns raised, particularly with respect to administrative costs. The Subcommittee notes that the Senate recommendation deleted \$1.4 million from the State General Fund and set funding for central office costs at the 60th percentile; the House Subcommittee recommends instead that SRS staff review different percentile options in setting upper limits for reimbursing nursing facilities. The overall test will be that a majority of facilities are receiving their reported allowable costs. The agency intends to use two cost centers, one combining administrative and plant operating costs with the property fee allowance included in the overall limit. The second will be a combination of the health care and room and board cost centers. SRS staff will review the feasibility of having a separate central office cost center limit within the combined administrative and property cost center limit. This additional limit will need to meet the findings test that a majority of the facilities are receiving the reported allowable costs. It may be found that a lower percentile limit for the administrative and property costs will effectively limit the amount that the providers are reimbursed for the central office costs which they report.

The Subcommittee recommends that SRS staff have the flexibility to review the impact of using various percentiles for setting the upper limits for the two cost centers. It is difficult to project the impact of these changes until detailed

computer runs are generated using the existing data base. Items that will need to be considered in making the changes for FY 1992 include revising the regulations pertaining to the cost centers and percentile limitations, submitting the State Plan amendment with the revised reimbursement methodology, and having the assurances and findings that the resultant rates are reasonable and adequate to meet the costs of efficiently and economically operated facilities. It is difficult to determine the related fiscal impact of these changes until the findings are determined and the Subcommittee recommends that this item be reviewed during the Omnibus Session. The Subcommittee also notes that the Department is developing a new nursing home reimbursement system for FY 1993. One component of this proposed system is consideration of costs in regional areas of the state. The Subcommittee is concerned with the current proposal and recommends that any geographic weighting utilize geographic areas other than the SRS area office regions.

6. Add \$70,624 from the State General Fund (\$125,000 All Funds) and 4.0 FTE nursing facility auditors. At the current time field audits are completed for only 15 - 18 percent of nursing facilities in a given year. Desk audits are completed for all facilities. This recommendation would allow field audits for approximately half the facilities each year.
7. The Subcommittee concurs with the recommendation to increase the contract with the Kansas Department of Health and Environment for nursing home inspection. However, the Subcommittee recommends that KDHE surveyors concentrate these additional resources on eliminating the most glaring violations.
8. The Subcommittee was informed that changes to the Boren amendment regarding reimbursement to nursing facilities and hospitals could further impact the ability of the state to develop and apply its own reimbursement systems. The Subcommittee is concerned with these modifications and recommends that correspondence be sent to the Kansas Congressional Delegation. OBRA 1990 added language requiring reimbursement methodologies to take into account costs including the cost of services required to attain or maintain the highest practicable physical, mental, and psychological well-being of each resident eligible for benefits. The agency is concerned that this highest practicable language has the potential to overwhelm the other Boren amendment standards of "reasonable and adequate" for the costs of an "efficiently and economically operated" facility.
9. Delete \$12,200,000 from the State General Fund and add \$12,200,000 from the SRS Fee Fund in regular medical assistance.
10. Delete \$11,400,000 from the State General Fund in regular medical assistance (\$15,100,000 All Funds) due to revised caseload estimates in FY 1992 based on experience in FY 1991.
11. Add \$10,600,000 from the State General Fund (\$23,300,000 All Funds) in long-term care for costs associated with the adult care home lawsuit.

12. Add \$269,058 from federal alcohol, drug abuse and mental health block grant funds. This recommended funding level is approximately \$166,639 less than the amount needed to maintain existing grants.
13. The Subcommittee recommends that funding for the agency's contract with the Kansas City Workshop for the Blind be maintained at \$200,000 in FY 1992. During consideration of H.B. 2086 (Regents' Institutions), the House Committee of the Whole amended the bill to provide that expenditures for the contract not exceed \$107,442 in FY 1992. The Subcommittee believes that the contractual agreement should be maintained and notes that FY 1993 would be the last year in which funding will be provided.
14. Delete \$4,039 from the State General Fund (\$9,852 All Funds) to provide for a caseload of 959,000 person months for the AFDC program in FY 1992, as estimated by the agency.
15. Delete \$11,572 from the State General Fund and add \$11,572 from federal funds as a technical adjustment to the AFDC program.
16. Add \$3,538,710 from the State General Fund (\$8,631,000 All Funds) to provide a \$9 per person per month cash grant increase for AFDC clients.
17. Delete \$795,709 from the State General Fund to eliminate the burial assistance program effective July 1, 1991.
18. Add \$122,680 from the State General Fund to match federal vocational rehabilitation funds to provide supported employment services for mentally retarded clients.
19. Delete \$30,461 from the State General Fund from KanWork as a technical adjustment.
20. Delete \$100,000 from the State General Fund for the guardianship program in FY 1992, to provide the same level of funding as in the current year.
21. Add \$362,000 from the SRS Fee Fund for a contract with Kansas Legal Services to provide legal representation to disabled children now receiving direct state aid to render them eligible for federal supplemental security income benefits. A recent United States Supreme Court decision has expanded SSI eligibility for children. The Subcommittee further recommends that a proviso be included in the appropriations bill providing for payment of the contract from revenue derived through recoveries under the program, and allowing any additional recoveries to be used by the agency for children's programs. The Subcommittee was informed that discussions are ongoing between SRS and Kansas Legal Services concerning a Medicare/Medicaid Advocacy project for clients who may be dually eligible for Medicaid and Medicare. The Subcommittee recommends that funding for this project be considered during the Omnibus Session subsequent to an agreement between SRS and Kansas Legal Services.

22. Add \$12,633 from federal funds as a technical adjustment to reflect funds received by the Department for the treatment of drug exposed infants as reflected in Governor's Budget Amendment No. 1.
23. Shift funding for supported employment salaries of \$11,944 between two federal funds as a technical adjustment as reflected in Governor's Budget Amendment No. 1.
24. Shift \$11,664 in federal funding for the Developmental Disabilities Council from grants to contractual services as a technical adjustment as recommended by Governor's Budget Amendment No. 1.
25. The Subcommittee recommends that several items in the prevention and early intervention areas be funded. The Subcommittee recognizes the need to increase funding of preventive services and recognizes that not only are preventive services important, they also are cost-effective and have the potential to avert higher future costs. The next several items in the Subcommittee report address prevention funding issues.
26. Add \$1,900,000 from the State General Fund (\$2,763,415 All Funds) for homecare services. The recommendation includes \$1.3 million from the State General Fund for the income eligible homemaker program, and \$600,000 from the State General Fund (\$1,463,415 All Funds) for the HCBS homecare program. The Subcommittee further recommends that a proviso be added to the Social Service clearing fund to exempt HCBS homecare workers from the agency's salary and wage limitation in order to allow the agency to expend Medicaid funds for the Home and Community Based Services program.
27. Add \$1,956,199 from the State General Fund (\$4,771,217 All Funds) for the first year of waiver expansion under the Home and Community Based Services for the Mentally Retarded waiver. This recommendation provides funding for 348 new clients in FY 1992. The Subcommittee reviewed a three year plan presented by the Department and notes that significant reductions would be made to the existing waiting list under this plan. However, the Subcommittee is concerned that those individuals not qualifying for HCBS services may not be served and would particularly note those individuals living in the community with their families. The Subcommittee recommends that SRS reevaluate its plan and present a proposal to the 1992 Legislature to address the needs of these individuals.
28. Add \$191,000 from the State General Fund for the family and children trust fund to maintain the current level of seed funding for child abuse prevention programs.
29. The Subcommittee heard testimony from Keys for Networking concerning a proposal to allocate \$85,000 in youth service funds for Keys for Networking. The Subcommittee recommends that these funds be directed towards Keys for Networking.

30. The Subcommittee recommends the following initiatives in the youth services and child protective services areas:
- a. Add \$666,259 from the State General Fund (\$859,689 All Funds) and 36.0 FTE positions to establish three youth services permanency planning teams to implement permanency plans for children's cases.
 - b. Add \$1,041,033 from the State General Fund and 39.0 FTE positions to establish three new family preservation units to prevent out of home placement of children where possible.
 - c. Add \$850,000 from the State General Fund (\$1,100,000 All Funds) and 42.0 FTE positions for new child protective services staff. The recommendation would fund five protective services teams.

The Subcommittee further recommends that the Department consider the needs of both urban and rural areas in distribution of additional staff and resources. In addition, the Subcommittee recommends that the Department develop evaluation criteria for these programs so that their effectiveness can be monitored and reviewed.

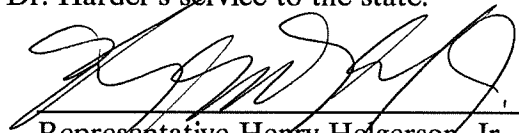
31. Shift federal Title IV-B funds from youth services field staff to family preservation staff, and shift State General Fund dollars from family preservation to field staff. The net effect of this recommendation is to fund the three existing family preservation units from \$640,157 in federal funds and \$213,385 in state funds, rather than entirely from the State General Fund as recommended by the Governor.
32. Add \$600,000 from the State General Fund for a pilot family subsidy program for the mentally retarded. The Subcommittee further recommends that the Department monitor the effectiveness of this subsidy program in preventing institutionalization.
33. The Subcommittee recommends that the agency begin planning for the implementation of a pilot project to serve children and families in a flexible manner to prevent out-of-home placement or to return children home. According to the agency, this pilot project could be implemented without the local children's authority or other concepts currently being considered in substantive bills by the 1991 Legislature. The agency indicates that a staff person would need to be dedicated to this project; the Subcommittee recommends that the agency utilize existing resources to implement this project.
34. Add \$62,000 from the State General Fund for a program aimed at providing mental health services for the hearing impaired population.
35. The Subcommittee recommends that SRS address the issue of state hospital placements for children and adolescents and that the agency develop a plan to

provide community services for this population. SRS should include the community services plan in the agency's FY 1992 Youth Services budget.


36. Delete \$659,646 from the State General Fund (\$1,039,446 All Funds) and add \$329,824 from the EDIF to fund proposed KanWork expansion for the last month and a half of FY 1992. The Governor's recommendation funded 60.5 FTE additional staff positions for the last three months of FY 1992, with client services to expand to seven additional counties effective July 1, 1992. The Subcommittee recommends that the staff be funded for 1.5 months in FY 1992 from EDIF funds. The Subcommittee was informed that federal requirements mandate that the state have comprehensive job services available to 75 percent of the state's AFDC population by October, 1992. The Subcommittee further recommends that the thrust of JOBS programs be local and that SRS contract with local agencies such as the local JTPA agency, local boards of education, and local social service agencies for the provision of client services. The Subcommittee heard testimony on the KanWork program and was informed that an evaluation of client characteristics indicates that 37 percent of KanWork participants have a high school education; 17 percent have a GED; 36 percent have between nine and twelve years of education; and 10 percent have less than an eighth grade education. However, recent educational assessments using the Test of Adult Basic Skills indicate that the actual education level of clients is lower than the completed grade level would indicate. Preliminary results indicate that 81 percent of participants tested below the ninth grade levels in reading and math, with 41 percent scoring between 4.6 and 6.9 grade levels. Twenty percent of all participants tested below the fifth grade level. These results indicate that KanWork participants need remedial basic education to function effectively in most jobs.
37. The Subcommittee also recommends that provisos in the bill describing nursing home and medical program changes be deleted.
38. Delete 19.0 FTE positions and shift \$53,894 from the State General Fund (\$444,959 All Funds) in day care funds from state operations to assistance. The recommendation would still provide for 20 new staff persons to administer new federal child care block grant funds. The Subcommittee further notes that in response to the availability of new federal child care funds, a statewide Advisory Committee on Child Care has been established. In order to take full advantage of the opportunities these funds will provide for Kansas, this Subcommittee strongly recommends the Statewide Child Care Advisory Committee be given the authority to develop a comprehensive statewide plan and to monitor its implementation.
39. Delete \$1.7 million from the State General Fund and add \$1.7 million from the SRS Fee Fund in medical assistance based on projected fee fund receipts.
40. The Subcommittee would note that the Senate deleted funding associated with a new federal mandate pertaining to the pharmacy program which essentially requires an open formulary. This Subcommittee concurs with the action of the Senate but notes that additional funding may be needed for the pharmacy

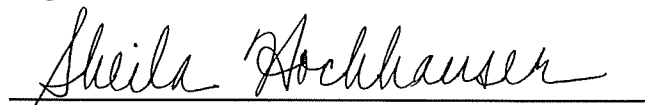
program in FY 1992 after additional information is available concerning actual cost experiences with the new mandate.

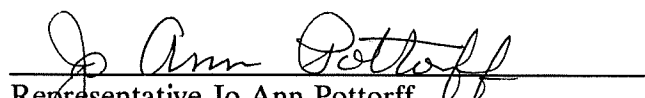
41. The Subcommittee reviewed options relating to managed care for Medicaid recipients. According to the agency, several managed care options would be available including contracting with a health maintenance organization, contracting with prepaid health plans, targeted case management, primary care case management, and other contracts. The State of Washington has implemented a Medicaid selective contracting program for inpatient hospital care based on competitively negotiated bids from hospitals. The Subcommittee believes that both managed care and contracting options warrant further consideration.
42. The Subcommittee would note that legislation is pending concerning the mandatory prescreening of all adult care home recipients. The Subcommittee recommends that this option be pursued and that the agency review other innovative mechanisms for financing long-term care, including home equity conversions and the state's rights to estate proceeds.
43. The Subcommittee would also note that the Norplant contraceptive implant is available to public assistance recipients as a contraceptive choice under the federal Medicaid program, effective April 1, 1991.
44. Make technical adjustments to the appropriations bill.
45. In response to the forest of information presented to this Subcommittee by the Department, the Department of Administration is directed to plant a tree on the Capitol grounds in recognition of Dr. Harder's service to the state.


 Representative Henry Helgeson, Jr.
 Subcommittee Chair


 Representative Gary Blumenthal


 Representative Duane Goossen


 Representative Sheila Hochhauser


 Representative Jo Ann Pottorff

ADDENDUM TO SRS SUBCOMMITTEE REPORT

The Subcommittee recognizes that recommendations made for the Department of Social and Rehabilitation Services in this report do not reduce funding by three percent from the current resources recommendation as recommended by the Committee for other budgets during this legislative Session. The Subcommittee would point out that a current resources less three percent reduction would require a State General Fund reduction of \$46.5 million from the Subcommittee recommendation. This would actually equate to a recommendation which would be \$23.6 million in State General Fund dollars below the recommended amount for FY 1991, and \$5.8 million from the State General Fund below actual FY 1990 expenditures. The Subcommittee has recommended a budget intended to adequately fund social services in the state and meet recognized needs. If the Committee desires to conform the recommendations on the SRS budget to a current resources less three percent standard, then the Subcommittee has identified areas where these reductions could take place. The following items are grouped into three categories: Survival or Basic Needs, Cost Avoidance/Prevention and Intervention, and Other.

	State General Fund
<u>Survival or Basic Needs</u>	
Eliminate Certain Optional Medical Services for Adults	\$ 4,279,134
Eliminate Medically Needy Adult Family Members	2,429,250
Child Protective Service Staff	850,000
Eliminate MediKan	2,925,000
Eliminate Medically Needy Aged and Disabled/Cover Nursing Homes at 150% SSI (\$610/month)	15,451,920
Delete AFDC \$9 grant increase	3,538,710
Eliminate General Assistance	7,152,483
Eliminate Emergency Assistance	234,000
<u>Cost Avoidance/Prevention and Intervention</u>	
Mental Health Reform Second Phase	\$ 1,531,485
Family Preservation	1,041,033
Youth Permanency Planning	666,259
Homecare	1,900,000
HCBS-MR Waiver Expansion	1,956,199
Family and Children Trust Fund	191,000
Family Subsidy Program	600,000
Mental Health/Hearing Impaired	62,000
<u>Other</u>	
Job Preparation/Day Care Automated System	\$ 1,200,000
Reduce Administration to FY 1991 Levels	1,600,000
TOTAL	\$ 47,608,473

TO: HOUSE APPROPRIATIONS COMMITTEE

4/4/91

FROM: Dr. Walt Chappell *WC*

SUBJECT: Inaccurate Regents Testimony Presented by Dr. Stan Koplik RE: HB-2600
on April 3, 1991

The number of Class Sections taught in Regents Universities with fewer than 25 students was knowingly understated by Dr. Stan Koplik during yesterday's testimony on HB-2600. He appears to have deliberately left out 10,339 Sections --- most of which will have less than 20 students per class.

In December, 1989, the Legislative Educational Planning Committee asked the Board of Regents to document the number of class sections under 25 student per class. As instructed, on March 1, 1990, Dr. Koplik delivered the Regents Report to the Education Committees of the House and Senate plus the Senate Ways & Means plus the House Appropriations Committees.

That March 1, 1990 letter to the LEPC states "We have analyzed small class sections within the Regents system, during the Fall 1989 semester, and concluded that such sections represent a very small portion of our total offerings." On page 1 of his report, Dr. Koplik further states "During the fall, 1989 semester there were 1,817 sections, of multiple section classes, having enrollment of less than 25, comprising only 9.5 percent of the total sections offered during the semester. Attachment I displays, by institution, the number of sections in which fewer than 25 were enrolled."

After reviewing the data in that March 1, 1990 Attachment I, I noticed major discrepancies with other Regents Reports, so I called Mr. Ray Hauke for clarification. Mr. Hauke admitted that the data was inaccurate since it only included a survey of Type "O" Lecture and Seminar Courses -- not all 19,048 Sections. I then asked for the total number of Type O Course Sections. Mr. Hauke provided the attached handwritten "Total of Type O Sections". It clearly shows that only a small percentage of the Class Sections were surveyed -- and yet the report submitted to the Legislature represents their data to reflect "total Sections offered during Fall Semester."

Upon further investigation, Mr. Hauke supplied figures which show that Type O Classes only represent 46% of the Total Sections taught during Fall 1989. In fact, Mr. Hauke's February 12, 1990 MEMO to the Council of Institutional Research Officers clearly shows that the Regents March 1, 1990 report deliberately left out 10,339 Sections. If I am not mistaken, most of these unreported sections will have less than 20 Students per class.

Once again, on April 3, 1991, Dr. Stan Koplik reported the same false and misleading testimony before the House Appropriations Committee. His 4/3/91 Testimony states: "During the Fall, 1989 semester there were 1,817 multiple section classes having enrollment of less than 25, comprising only 9.5% of the total sections offered during the semester. Attached to this testimony is an overview illustrating the number of sections in which fewer than 25 students were enrolled."

The Regents budgets are developed on an Incremental Basis instead of by Zero-Based Budgeting. Therefore, by keeping class sizes low and the number of Student Contact Hours per Faculty to a minimum, the Regents can "justify" a "need" for an increased appropriations each year. As a result, Regents expenditures have gone up 86% over the last ten years while enrollments have remained level. Therefore, Dr. Koplik's statement that "The non-existence of any windfalls for Regents institutions by deliberately offering underutilized sections" is also false.

HA
4-4-91
Attachment 9

By grossly understating the number of class sections with less than 25 students, the Regents Executive Director has TWICE--done the Legislative Process a major disservice. Legislators must depend on accurate reports from agencies--especially those which receive such a large amount of local, state and federal tax money.

I have always stated that the potential savings from the 20/20 PLAN are estimates. I will gladly show any Legislator where the data came from and how these estimates were calculated. However, part of the problem which any Legislator or citizen has is getting accurate data from the Regents to make firm estimates of costs or savings.

Since low productivity and high administrative costs are sapping the Regents resources and costing the taxpayers an estimated \$300 Million dollars per year, it is time the Legislature take a firm stand. The State of Kansas has all types of regulations on the use of public resources and tax dollars -- except for the "Sacred Cow" of Higher Education.

The 20 Students per class and 20% Administrative Costs is a sound business practice and is just old fashioned, common sense. It is time to manage public resources more effectively before increasing taxes to pay for the inefficiencies which Dr. Koplik is attempting to coverup in his false and misleading testimony.

Testimony to House Appropriations Committee
on House Bill 2600

4/3/91

Stanley Z. Koplik, Executive Director
Kansas Board of Regents

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to offer some comments in opposition to House Bill 2600. The bill would impose enrollment limitations affecting multiple sections of the same class having fewer than twenty students per section as well as mandating that administrative expense at universities not exceed twenty percent of direct instructional costs.

First, I will turn my attention to the enrollment provisions. We recently captured data using an enrollment threshold of 25 rather than 20 as stipulated in the bill. Nevertheless, our findings will be similar although the numbers I will share with you would be lowered even further according to the provisions of House Bill 2600. The data from our survey completed for the Fall of 1989 revealed 533 multiple section classes in which at least one section had fewer than 25 students. Of that total, in 151 cases, there is only one section having fewer than 25 enrollees. During the Fall, 1989 semester there were 1,817 multiple section classes having enrollment of less than 25, comprising (only 9.5%) of the total sections offered during the semester. At the 20 student level, this would fall to approximately 7.9%. Attached to this testimony is an overview illustrating the number of sections in which fewer than 25 students were enrolled.

Frankly, I do not believe that an inflexible statutory guideline of minimum enrollments per section would prove significantly beneficial to either the Legislature or to students at Regents institutions. However, it may be a desirable objective and it would be our intent to receive this message of legislative interest and thereby more diligently monitor the distribution of enrollment in order to maximize efficiency.

There are several reasons which defend the limited use of our present practice. Chief among these are:

1. The non-existence of any windfalls for Regents institutions by deliberately offering underutilized sections. We are, of course, interested in demonstrating productivity and receive no special monies based solely upon number of classes offered. In fact, we are quite sensitive to the complaints we receive regarding large classes and a misleading public perception that special monetary incentives exist for serving students in large classes.

SUMMARY OF MULTIPLE SECTION ACADEMIC COURSES HAVING SECTIONS
WITH FEWER THAN 25 ENROLLED

FALL, 1989

	<u>Multiple Section Classes Having At Least One Section With Enrollment of Less than 25</u>			<u>Total Number of Sections Offered In Classes Having At Least One Section With Enrollment of Less Than 25</u>	<u>Total Number of Sections In Which Enrollment Is Less Than 25</u>	<u>Total Sections Offered Fall, 1989 Semester</u>
	<u>Total</u>	<u>Only One Section With Enrollment Less Than 25</u>	<u>More Than One Section With Enrollment Less Than 25</u>			
KU	184	44	140	1,078	729	6,362
KSU	58	19	39	445	323	5,000
WSU	88	40	48	472	219	2,799
ESU	100	24	76	403	283	1,527
PSU	66	17	49	231	172	1,563
FHSU	13	2	11	48	39	1,570
KCT	<u>24</u>	<u>5</u>	<u>19</u>	<u>60</u>	<u>52</u>	<u>227</u>
TOTAL	533	151	382	2,737	1,817	19,048

9-b

KANSAS BOARD OF REGENTS

SUITE 609 • CAPITOL TOWER • 400 SW EIGHTH • TOPEKA, KANSAS 66603-3911 • (913) 296-3421

March 1, 1990

The Honorable Robert Vancrum
Representative of the State of Kansas
Room 112-S., Statehouse
Topeka, Kansas 66612

Dear Bob:

You will recall the Legislative Educational Planning Committee's request that the Board of Regents prepare by March 1, 1990, a report concerning underutilized sections of classes. I believe your Committee's report was prompted by testimony from Dr. Walt Chappel. We have analyzed small class sections within the Regents system, during the Fall 1989 semester, and concluded that such sections represent a very small portion of our total offerings. Further, many of those sections are limited to small enrollments, for the express purpose of improving the learning process.

Your Committee requested that we deliver copies of our report to the standing Education Committee, the Senate Ways and Means Committee and the House Appropriations Committee. Accordingly, we have delivered copies of the report to the Chairman of those Committees. Obviously, the report is available to any one upon request.

I hope this report will be useful to you. Please contact me if I can be of additional assistance.

Sincerely,

Stanley Z. Koplik
Executive Director

SZK:jp

Enclosure

cc: Ms. Carolyn Rampey ✓

**REPORT OF THE KANSAS BOARD OF REGENTS
CONCERNING MINIMUM CLASS SIZE**

Background

During testimony before the Legislative Educational Planning Committee (LEPC) Dr. Walt Chappell requested introduction of legislation prohibiting an institution from opening a new section of a course unless existing sections of the same course have enrolled 25 students. The LEPC did not recommend introduction of such Legislation; however, a report on this issue was requested of the State Board of Regents. According to the LEPC request, a response was to be delivered to the standing Education Committees, the House Appropriations Committee, the Senate Ways and Means Committee, and the LEPC by March 1, 1990.

Response

The Kansas Board of Regents has interest in any proposal which would improve the quality and efficiency of our institutions. Therefore, the proposal being researched by the LEPC is worthy of investigation by us. It is obviously very inefficient to offer multiple sections of classes, if those sections are underutilized. In response to the LEPC request, we have captured data concerning multiple sections of regularly scheduled academic classes in the Regents system which have fewer than 25 participants.

The data from our survey reflect 533 multiple section classes in which at least one section has fewer than 25 students. Of that total, in 151 cases there is only one section having fewer than 25 enrollees. During the fall, 1989 semester there were 1,817 sections, of multiple section classes, having enrollment of less than 25, comprising only 9.5 percent of the total sections offered during the semester. Attachment I displays, by institution, numbers of sections in which fewer than 25 were enrolled.

Based upon our survey the Regents staff do not believe an inflexible statutory guideline of minimum enrollments per section would be beneficial to either the Legislature or the students at Regents institutions. However, it may be desirable to periodically monitor the extent to which multiple sections of small classes exist and the reasons for those multiple sections. The narrative which follows more fully explains the rationale underlying this response.

Total Type O Sections
 Fall 1989 Semester
 (for

KU 2,485

WSU 1,413

FHSU 715

Walt- As I mentioned I had the type O total
 for some campuses but not others.

Here are the ones I have. I have
 requested the info from the remaining 3
 and should have that data early next week.
 Ray

Hank

Ksu 2364

Psu 811

ESU 921

ONLY 8709 OUT OF 19,048 TOTAL

ON ATTACHMENT I

SUMMARY OF MULTIPLE SECTION ACADEMIC COURSES HAVING SECTIONS
WITH FEWER THAN 25 ENROLLED

FALL, 1989

	Multiple Section Classes Having At Least One Section With Enrollment of Less than 25			Total Number of Sections Offered In Classes Having At Least One Section With Enrollment of Less Than 25	Total Number of Sections In Which Enrollment Is Less Than 25		Total Sections Offered Fall, 1989 Semester	
	<u>Total</u>	<u>Only One Section With Enrollment Less Than 25</u>	<u>More Than One Section With Enrollment Less Than 25</u>		_____	_____		
KU	184	44	140	1,078	29%	729	6,362	11.5%
KSU	58	19	39	445	14%	323	5,000	6.5%
WSU	88	40	48	472	15.5%	219	2,799	7.8%
ESU	100	24	76	403	31%	283	1,527	18.5%
PSU	66	17	49	231	21%	172	1,563	11.0%
FHSU	13	2	11	48	5.5%	39	1,570	2.5%
KCT	<u>24</u>	<u>5</u>	<u>19</u>	<u>60</u>		<u>52</u>	<u>227</u>	<u>22.9%</u>
TOTAL	533	151	382	2,737	20.9%	1,817	19,048	9.5% X

Handwritten notes:
 - Above "Total Number of Sections In Which Enrollment Is Less Than 25": *General a lecture*
 - Next to "TOTAL SECTIONS": *Type of TOTAL SECTIONS 2485*
 - Next to "19,048": *8709 = 45.7% of sections*



KANSAS BOARD OF REGENTS

SUITE 609 • CAPITOL TOWER • 400 SW EIGHTH • TOPEKA, KANSAS 66603-3911 • (913) 296-3421

M E M O R A N D U M

TO: Council of Institutional Research Officers

FROM: Ray Hauke, Director of Planning and Budget *Ray*

RE: LEGISLATIVE REQUEST CONCERNING COURSES HAVING FEWER THAN 25 STUDENTS

DATE: February 12, 1990

The Legislative Educational Planning Committee is considering a proposal to prohibit a university from opening a new section of a course unless existing sections of the course have enrolled 25 students. We have been requested to forward comments on this proposal to several Legislative Committees by March 1, 1990. The Council of Chief Academic Officers will be discussing this matter at their meeting on February 16, 1990 and I am sure their discussion will produce much of the written response to the request.

Nevertheless, we must also provide data concerning the number of such courses in existence. As is occasionally the case, the request is somewhat ambiguous relative to data which we should report. After consultation with several of you, I believe we should report the data as follows:

- a. Data reported should be for the fall of 1989.
- * b. We should limit our analysis to Type 0 courses, which are Regularly scheduled Academic Courses with designated credits.
- c. We should list the total number of sections offered and the number of sections having fewer than 25 students.
- d. In some instances comments may be appropriate concerning why several sections exist in which few students are involved (i.e. it is an honors section, the physical capacity of the classroom area limits students, sections have been specifically scheduled at night to accommodate non-traditional students etc.)

The attached format is requested for your report to us. USE IT TO LIST ANY TYPE O COURSE IN WHICH MORE THAN ONE SECTION IS OFFERED AND IN WHICH AT LEAST ONE SECTION HAS AN ENROLLMENT OF FEWER THAN 25 STUDENTS. Please attempt to forward a response by February 23, 1990. This will allow me a few days to compile systemwide data and meet the March 1, 1990 deadline. I apologize in advance for the short response timeframe. Needless to say the project is neither of our design nor our idea of a good time.

Items which I believe must be mentioned in the narrative response to this request include:

- a. Such a guideline is not appropriate for laboratory courses, experiential courses, appointment courses, or activity courses.
- b. Schedules are established several months in advance. Low volume enrollments are likely to alter future scheduling; however, sections may not necessarily be canceled, if enrollment is low.

If you have further comments or ideas of a narrative nature, please forward them to your COCAO representative.

Thanks for your help in this project. Please contact me if you have questions concerning it.

RH:jp

Enclosure

cc: Council of Chief Academic Officers