

Approved

March 19, 1991

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson at 11:08 a.m. on March 7, 1991, in Room 123-S of the Capitol.

All members were present except:

Committee staff present:

Leah Robinson, Legislative Research Department  
Norm Furse, Revisors' Office  
Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

None

SB 162 - Appropriations for FY92, for the Department of Social and Rehabilitation Services and state mental health and mental retardation services

**COMMUNITY MENTAL RETARDATION SERVICES**

Senator Kerr reviewed the FY91 and FY92 subcommittee reports, Attachment 1. Concern was expressed regarding the availability of community slots. Senator Kerr noted that a commitment to accelerated placement was intended to demonstrate legislative commitment to the program. Senators Rock and Bogina noted their concern that, in spite of spending all available money, the overall plan to transfer patients might fail.

In answer to a question, staff noted that no funding was specifically added for the waiver slots, but a portion added for vocational rehabilitation might be used to expand the waiver.

**WINFIELD STATE HOSPITAL AND TRAINING CENTER**

The FY91 and FY92 subcommittee reports (Attachment 2) were presented by Senator Kerr. He stated that the subcommittee recommendation to provide \$25,000 SGF with matching federal funds (item 3 of Attachment 2-5) was made in response to an agency request to provide community training for the purpose of improving the rate of success in community placements.

In response to Senator Rock's concern that a detailed plan for community placement had not been formulated, Senator Feleciano distributed and reviewed Attachment 3, correspondence from the Department of Social and Rehabilitation Services. Senator Kerr stated that the reductions in FTEs at Winfield are very severe, but noted that the Governor recommended the reductions in an attempt to equalize the employee-client ratio at Winfield with that of KNI. Discussion followed, with the consensus being that a comparison of these ratios was invalid because of the different types of clientele served by the two institutions.

In response to a question regarding item 2, Attachment 2-5, Senator Kerr noted that the subcommittee assumed that there would be no budget increases for salary increases, and made this recommendation in order to treat the teachers like other state employees.

**KANSAS NEUROLOGICAL INSTITUTE**

Senator Kerr presented the FY91 and FY92 subcommittee reports, Attachment 4. In answer to a question, Senator Kerr stated that salaries for special education teachers would be restored in the budgets when then correct amount is known.

**PARSONS STATE HOSPITAL AND TRAINING CENTER**

The FY91 and FY92 subcommittee reports (Attachment 5) were presented by Senator Kerr.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, March 7, 1991.

**COMMUNITY MENTAL HEALTH SERVICES**

Senator Allen reviewed the FY91 and FY92 subcommittee report (Attachment 6).

**LARNED STATE HOSPITAL**

The subcommittee reports for FY91 and FY92 (Attachment 7) were presented by Senator Allen. Fee fund collection problems were discussed at length (item 1, Attachment 7-2). Senator Rock noted for the Committee that the state must review the HMO contracts with a review panel because those insurers routinely dismiss claims of patients beyond 3 days of hospital stay regardless of the length of stay. The state is subsequently charged for the remaining 27 days of the mandated 30 day hospital care for drug and/or psychological care. Senator Brady added that the patients that HMO believes need to go into institutions go into private pay only until the 30 day period has passed and then go to state hospitals for care. Dr. Harder, Acting Director of the Department of Social and Rehabilitation Services, stated that the superintendents of the hospitals would meet within a week to make a recommendation regarding improper reimbursement by third party providers.

Senator Allen noted that because approximately 55% of some of the institutions' budgets was allocated for non-direct care, the subcommittee recommended deletion of some non-direct care positions (item 1a, Attachment 7-5). He told the Committee that the FY92 recommendations would fund only 79% of the projected feed funds shortfall.

**TOPEKA STATE HOSPITAL**

Senator Rock reviewed the FY91 and FY92 subcommittee reports, (Attachment 8).

**OSAWATOMIE STATE HOSPITAL**

The subcommittee reports for FY91 and FY92 (Attachment 9) were reviewed by Senator Allen. Senator Brady noted that the Director of Osawatome State Hospital made an early commitment to handle the collections shortfall by dismissing temporary employees. Senator Brady moved, Senator Salisbury seconded, that the subcommittee report be amended to include commendation of Norma J. Stephens, Superintendent, Osawatome State Hospital. The motion carried on a voice vote.

**RAINBOW MENTAL HEALTH FACILITY**

Senator Kerr reviewed the FY91 and FY92 subcommittee reports (Attachment 10).

Senator Kerr moved, Senator Salisbury seconded, that the subcommittee report be amended by removing the 4% teacher salary increase from the special education contracts in each of the four hospitals and revisit this item during consideration of the Omnibus Appropriations Bill. The motion carried on a voice vote.

It was moved by Senator Allen, seconded by Senator Kerr, that the subcommittee report as amended be adopted. The motion carried on a voice vote.

Senator Hayden moved, Senator Feleciano seconded, that the minutes of February 25 and 28, 1991 be approved. The motion carried.

The Chairman noted that Kansas won a U.S. Department of Commerce Grant to help build a manufacturing technology center in Overland Park.

Senator Feleciano moved, Senator Kerr seconded, the introduction of bill draft 1 RS 1273 - an act concerning telecommunications service between exchanges; providing for regulation thereof. The motion carried.

The meeting was adjourned at 12:21 p.m.





## SUBCOMMITTEE REPORT

Agency: Department of Social and Rehabili- Bill No. 340  
 tation Services -- Community Mental  
 Retardation Services

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 720

Budget Page No. 522

Expenditure Summary	Agency Req. FY 91	Gov. Rec. FY 91	Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 165,485,169	\$ 164,145,217	\$ 15,000
Local Aid	33,686,870	33,686,870	(774,298)
Other Assistance	737,085,848	751,944,786	275,000
Subtotal -- Operating	\$ 936,257,887	\$ 949,776,873	\$ (484,298)
Capital Improvements	5,747,416	6,220,520	--
	\$ 942,005,303	\$ 955,997,393	\$ (484,298)
<b>State General Fund:</b>			
State Operations	\$ 68,725,746	\$ 65,911,693	\$ 15,000
Local Aid	31,396,090	31,396,090	(774,298)
Other Assistance	312,015,828	307,170,931	118,422
Subtotal -- Operating	\$ 412,137,664	\$ 404,478,714	\$ (640,876)
Capital Improvements	--	117,670	--
<b>TOTAL</b>	\$ 412,137,664	\$ 404,596,384	\$ (640,876)
<b>FTE Positions</b>	3,202.7	3,213.7	--

Note: The agency request and Governor's recommendation in the above table reflect the entire SRS budget.

### Agency Request/Governor's Recommendation

For FY 1991, SRS requests the following amounts for mental retardation services grants: state aid to mental retardation centers, \$5,963,771; special purpose mental grants, \$11,872,794; Social Service Block Grant, \$10,350,340. The request includes \$19,006,905 from the State General Fund, and \$9,180,000 from the Social Service Block Grant. In addition, the agency requests \$7,318,423 for the Home and Community Based Services waiver for the mentally retarded (HCBS-MR). The Governor concurs with the agency request for state formula aid, for special purpose grants and for the Social Service block grant. The Governor recommends \$6,706,656 for the HCBS-MR waiver in FY 1991.

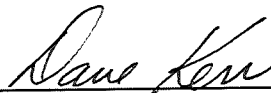
*SWAM*  
*March 7*  
*Attachment 1*



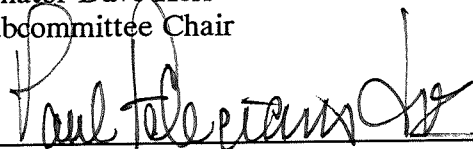
## Senate Subcommittee Recommendation

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

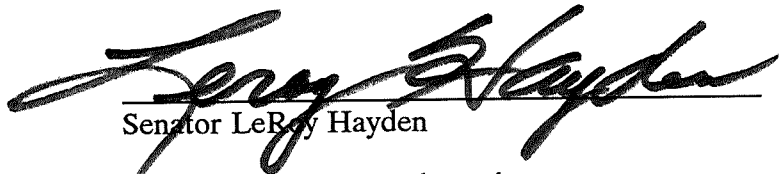
1. Delete \$774,298 from the State General Fund for special purpose grants due to savings as a result of a delay in client placement. The Subcommittee makes further recommendations concerning the use of these funds in the remainder of the FY 1991 report and in the FY 1992 report.
2. The Governor's recommendation 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.



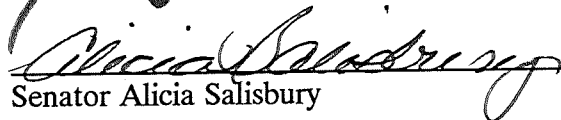
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 Senator Dave Kerr  
 Subcommittee Chair



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 Senator Paul Feleciano, Jr.



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 Senator LeRoy Hayden



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 Senator Alicia Salisbury

**SUBCOMMITTEE REPORT**

Agency: Department of Social and Rehabili- Bill No. 162  
 tation Services -- Community Mental  
 Retardation Services

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	\$ --
Local Aid	47,878,678	37,187,271	--
Other Assistance	824,263,141	824,977,418	1,141,820
Subtotal -- Operating	<u>\$ 1,059,608,452</u>	<u>\$ 1,028,128,905</u>	<u>\$ 1,141,820</u>
Capital Improvements	5,944,550	6,032,664	--
	<u><u>\$ 1,065,553,002</u></u>	<u><u>\$ 1,034,161,569</u></u>	<u><u>\$ 1,141,820</u></u>
State General Fund:			
State Operations	\$ 83,169,854	\$ 70,046,989	\$ --
Local Aid	44,918,321	34,996,491	--
Other Assistance	357,375,077	335,384,821	709,334
Subtotal -- Operating	<u>\$ 485,463,252</u>	<u>\$ 440,428,301</u>	<u>\$ 709,334</u>
Capital Improvements	--	128,785	--
TOTAL	<u><u>\$ 485,463,252</u></u>	<u><u>\$ 440,557,086</u></u>	<u><u>\$ 709,334</u></u>
FTE Positions	3,452.7	3,310.2	--

\* Excludes amounts reserved for employee compensation.

Note: The agency request and Governor's recommendation in the above table include the entire SRS budget.

**Agency Request/Governor's Recommendation**

For FY 1992, SRS requests \$6,366,325 in state aid to mental retardation centers, which includes funding to restore the 1.75 percent General Fund reduction and a 5 percent COLA. SRS requests \$16,118,816 from the State General Fund for special purpose grants, including funding for a 5 percent inflationary adjustment for existing grants, and \$1,980,000 for the placement of an additional 200 persons for six months in FY 1992. The agency also requests \$10,867,857 for the Social Service Block Grant community and day living grants. The agency's request includes funding for the following new initiatives: family subsidy program, \$2,049,350; targeted case management for



children, \$1,326,857. The request includes \$11,265,345 for the HCBS-MR program, of which \$4,645,828 is from the State General Fund. The request includes funding for 429 new waiver slots in FY 1992.

The Governor's current resources recommendation includes \$5,963,771 for state aid to community mental retardation centers, the same amount as in the current year. The current resources recommendation includes \$11,872,794 for special purpose grants, the same amount as in the current year. The recommendation includes six months funding for 150 placements begun in FY 1991. The Governor recommends \$10,350,340 for social service block grant community and day living grants, the same amount as in the current year. The Governor does not recommend funding for the family subsidy or targeted case management for children programs. The Governor's recommendation for HCBS-MR totals \$9,170,712, and includes funding for 78 additional slots under the existing waiver. No slots are recommended from the newly approved waiver.

### Senate Subcommittee Recommendation

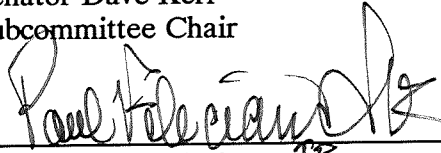
The Senate Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. 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.
2. 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.
3. 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

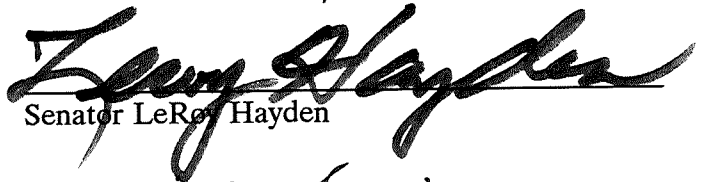
potential funding sources for ongoing support. The Subcommittee further recommends that the agency utilize the vocational rehabilitation funds to the maximum extent possible, and that any remaining balance of the \$399,320 be used to fund additional slots under the expanded HCBS-MR waiver which was recently approved by the federal government.



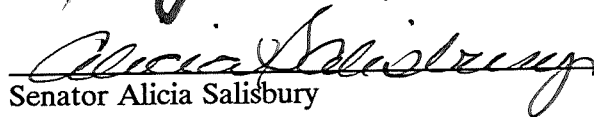
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Senator Dave Kerr  
Subcommittee Chair



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Senator Paul Feleciano, RF



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Senator LeRoy Hayden



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Senator Alicia Salisbury



## 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>
<b>State Operations:</b>			
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>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	<u>\$ 25,546</u>	<u>\$ 25,546</u>	<u>\$ --</u>
<b>TOTAL</b>	<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:

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

*SWAM*  
*March 7, 1991*  
*Attachment 2*

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.



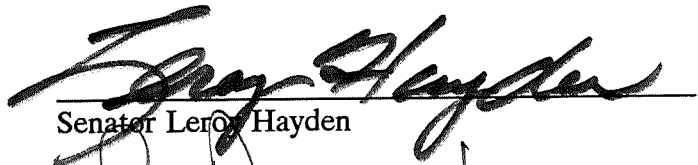
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Senator Dave Kerr  
Subcommittee Chair



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Senator Alicia Salisbury



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Senator Leroy Hayden



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Senator Paul Feleciano, Jr.



**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	\$ 242,800	\$ 204,300	\$ --
<b>TOTAL</b>	<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




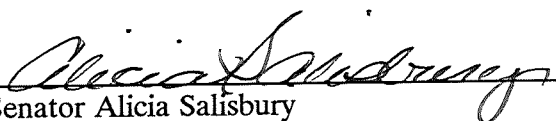
Governor's recommendation does not include a corresponding decrease in the amount of Title XIX financing. In addition to state operations, the Governor recommends \$204,300 from the State Institutions Building Fund for capital improvements. The recommendation is a reduction of \$38,500 from the agency's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

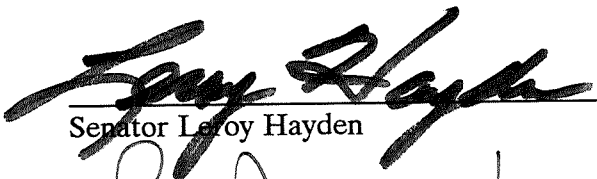
### Senate Subcommittee Recommendation

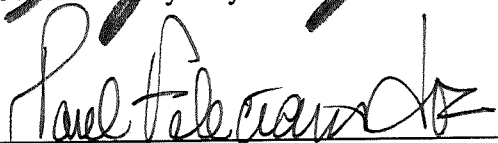
The Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

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.

  
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 Senator Dave Kerr  
 Subcommittee Chair

  
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 Senator Alicia Salisbury

  
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 Senator Leroy Hayden

  
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 Senator Paul Feleciano, Jr.

# State of Kansas

## Senate Chamber

PAUL FELECIANO, JR.  
SENATE ASSISTANT DEMOCRATIC LEADER  
STATE SENATOR, 28TH DISTRICT  
SEDGWICK COUNTY  
815 BARBARA  
WICHITA, KANSAS 67217-3115  
316-522-7875



COMMITTEE ASSIGNMENTS  
MEMBER: WAYS AND MEANS  
ECONOMIC DEVELOPMENT  
JUDICIARY  
LABOR, INDUSTRY AND SMALL  
BUSINESS  
JOINT COMMITTEE ON ECONOMIC  
DEVELOPMENT  
NCSL COMMITTEE ON GOVERNMENT  
OPERATIONS AND PENSIONS

## Office of Assistant Democratic Leader

STATE CAPITOL  
TOPEKA, KANSAS 66612-1565  
913-296-7355

February 20, 1991

George Vega, Acting Commissioner  
Mental Health and Retardation Services  
Department of Social and Rehabilitation Services  
Fifth Floor, Docking State Office Building  
Tenth and Harrison  
Topeka, Kansas 66612

Dear Commissioner Vega:

As a result of my membership on the Senate Ways and Means Subcommittee, I have become more knowledgeable of the issues surrounding the movement of mentally retarded individuals from the state institutions to community service programs. I have paid particular attention to testimony given during last year's legislative session. Based upon this increased awareness, I am rapidly approaching the conclusion that Mental Health and Retardation Services (MH&RS) has not taken the time nor exerted the effort required to develop a comprehensive perspective or plan for a state-wide service system for all mentally retarded individuals. It is my observation that the focus is movement of people for bureaucratic purposes rather than concern for quality. More specifically, during the last session, your office was instructed to develop a plan to be presented to the legislature which was to include: A detailed proposal describing the impact of a plan to reduce the overall census of the three state hospitals, by 50, on families and staff at all three institutions; the number of clients that SRS anticipates will be placed into the community from each institution; the status of available community facilities; recommended

SWAM  
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Attachment 3

George Vega, Acting Commissioner  
February 20, 1991  
Page Two

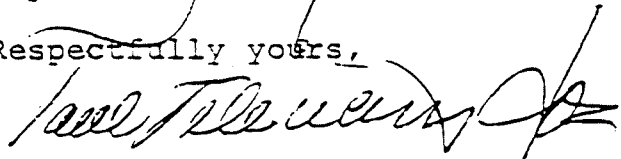
funding alternatives for the placements identification and location of the ward, cottage, unit, or its equivalent to be closed pursuant to the plan; a breakdown of the number of clients, level of retardation, physical handicaps, and psychological impairment of the population designated to be moved from the closed ward, cottage, or unit; a specific plan for the reduction of staff at the designated hospital and an evaluation of whether additional staff will be required to handle the clients transferred from the other hospitals to those facilities.

The Conference Committee additionally directed SRS to review the use of other Medicaid financing options, such as waiver availability for group homes and the personal care option as noted in the March 1990, report presented to the agency by the National Association of State Mental Retardation Directors.

Your failure to produce the mandated plan further supports my supposition that MH&RS is more concerned with manipulating census and employee numbers rather than plan logically. No wonder we are at least a decade behind the remainder of the country in use of the waiver process and have an intolerable waiting list.

The shortsightedness described previously is significant. I have considered asking for a review of this situation by Legislative Post Audit. However, I will withhold this action until you arrange a time to meet with me personally. Contact my office at the earliest possible time.

Respectfully yours,

  
Paul Feleciano, Jr., Senator  
Assistant Democratic Leader

PF:sag





## STATE OF KANSAS

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

915 S.W. Harrison, Docking State Office Building, Topeka, Kansas 66612-1570

JOAN FINNEY, *Governor*

Mental Health & Retardation Services  
Fifth Floor North  
(913) 296-3773

February 27, 1991

The Honorable Paul Feleciano, Jr.  
Kansas State Senator  
State Capitol, 452E  
Topeka, KS 66612

Dear Senator Feleciano:

This is in response to your letter of February 20 concerning the placement process for people who are mentally retarded. I appreciate this opportunity to respond to the questions you have raised. I believe I have a substantial amount of information to share with you on this subject.

First of all, your observations concerning the insensitivity of the planning process are valid in my opinion because of the emphasis on slots and numbers rather than on individuals in the overall budget process. I believe this perception was shared by other legislators and resulted in the proviso placed in the SRS FY 1991 appropriations bill. You cited the proviso language in your letter.

The proviso called for a plan to place 50 clients. This will be accomplished through a two step process that includes a local planning group coordinated by the superintendents of the three state institutions. Attached you will find a copy of a memorandum from Dr. Robert Harder, Acting Secretary of SRS, and me directing the superintendents to organize and coordinate the process at their respective facilities. Please note that the language of the directive is the same language contained in the proviso you quoted. The first meetings of these working groups begin next week.

Individuals within the system share your concern about the insensitivity of the current budget and planning process. Therefore the second step in the process was taken in a meeting on February 21 in the direction of a placement system that focuses on individual needs rather than slots and numbers. The meeting among

Honorable Paul Feleciano, Jr.  
February 27, 1991  
Page Two

superintendents, the Kansas Association of Rehabilitation Facilities (KARF), and MHRS was for the sole purpose of developing a process that is sensitive to the needs of families and clients. A draft outline of the plan is attached for your reference. Due to the current problem with the number of persons placed, we may need to attempt to accelerate this procedure.

SRS Mental Health and Retardation Services, in cooperation with the state institutions and community providers, has placed over 30 clients so far this fiscal year. This has been accomplished without layoffs and with parents and families given choices about placements. No client has been placed against the desire of the family. This has always been the policy of the institutions, and it was not a problem because there were always enough clients whose families did desire community placement. Attached you will find a copy of a report provided to the SRS Task Force concerning the placements of clients from institutions to community programs that have been made during the current fiscal year.

Your second concern was the use of available waivers to fund community services for people who are mentally retarded. I am pleased to inform you that, in fact, the federal Health Care Financing Administration (HCFA) recently awarded SRS MHRS a new Home and Community Based (HCB) Waiver for which this office applied last summer. Attached is a copy of a statement released by Governor Finney announcing the award of the waiver.

SRS has administered a HCB Waiver program for the past eight years. The previous waiver was small in terms of the number of individuals it could serve and it is broken into three parts to serve people who are mentally retarded, physically disabled, or elderly. The number of individuals served on this waiver remained rather constant until MHRS promoted using it to its maximum benefit. This activity started three years ago, and culminated this year when the administration of the MR section of the HCBS waiver was transferred to MHRS. In the FY 1992 budget, Governor Finney and MHRS proposed funding an additional 78 individuals through the existing HCB Waiver.

Although not directly related, but for your information, SRS was also recently awarded a waiver for individuals with head injuries. This is a major accomplishment because it marks the first waiver in the nation for this special population. At the request of individuals who advocate on behalf of people with head injuries, MHRS is working with SRS Income Support and Medical Services to implement this ground-breaking program.

Honorable Paul Feleciano, Jr.  
February 27, 1991  
Page Three

In addition, I will share with you other matters of importance to serving individuals who are mentally retarded:

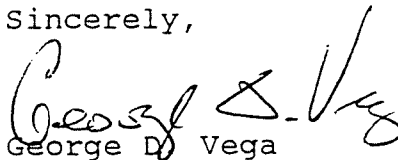
1. MHRS is working with SRS Rehabilitation Services concerning expanding the use of federal matching funds for community MR programs. Attached is that draft proposal.
2. Attached for your reference is a copy of the MR/DD Advisory Committee Service Plan Outline provided to the SRS Subcommittee.
3. Attached for your reference is a copy of the testimony I presented to the Senate Ways and Means Sub-Committee concerning the funding of community MR programs.
4. For your reference, several interested legislators have inquired about a plan to eliminate the waiting list. We have responded that the list can be virtually eliminated through the full and deliberate use of the new waiver. We are concerned that community programs do not have the capacity to serve up to 1000 or more individuals within a one year period. They have, however, successfully served over 300 additional people in a year.
5. The effective date of the new HCB Waiver is February 15, 1991. SRS has asked for this effective date to be moved to July 1, 1991. This request was made because there are insufficient funds in the FY 1991 appropriation to fully implement all services approved on the waiver. This delay will allow the Legislature to determine if full funding of the waiver is possible given the current fiscal situation. Also, due to a data error, the waiver application was too conservative in its request for rate capacity. In order to serve more people with severe disabilities, we will need the fiscal flexibility to pay higher rates.

I believe that SRS MHRS is moving strongly toward the development of a comprehensive array of services for Kansas citizens who are mentally retarded/developmentally disabled. However, I also believe that your instincts are correct in terms of the insensitivity of the planning process. MHRS is coming to terms with that issue. We are excited about the planning that is starting at the three institutions. Since the first meeting for Winfield State Hospital and Training Center is March 5, I invite you to attend that meeting and participate. Please let me know if you desire to be a part of this effort.

Honorable Paul Feleciano, Jr.  
February 27, 1991  
Page Four

I hope that you find this material informative and helpful. If you need more information, or have additional concerns, I am happy to visit you with about them. Please feel free to contact either Dr. Harder at 913/296-3271 or me at 296-3773.

Sincerely,



George D. Vega  
Acting Commissioner

GDV:ms

Attachments

cc: Dr. Robert C. Harder  
Ms. Yo Bestgen  
Ms. Debra Duncan



## 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>
<b>TOTAL</b>	<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.

*SWAM*  
*March 7, 1991*  
*Attachment 4*

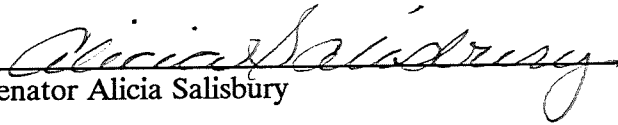
**Senate Subcommittee Recommendation**

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.



\_\_\_\_\_  
Senator Dave Kerr  
Subcommittee Chair



\_\_\_\_\_  
Senator Alicia Salisbury



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Senator Leroy Hayden



\_\_\_\_\_  
Senator Paul Feleciano, Jr.

**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>
<b>TOTAL</b>	<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.



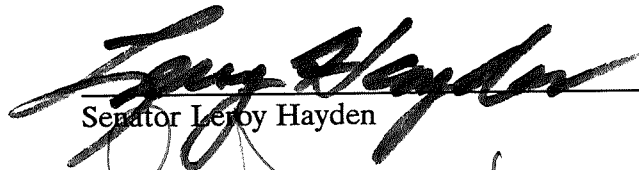

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Senator Dave Kerr  
Subcommittee Chair




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Senator Alicia Salisbury




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Senator Leroy Hayden




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Senator Paul Feleciano, Jr.



**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

*SWAM  
March 7, 1991  
Attachment 5*

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**

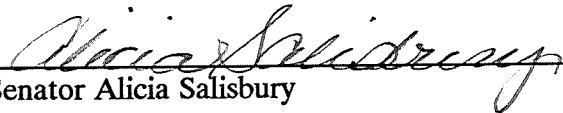
The Subcommittee concurs with the Governor's recommendation with the following adjustments:

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.



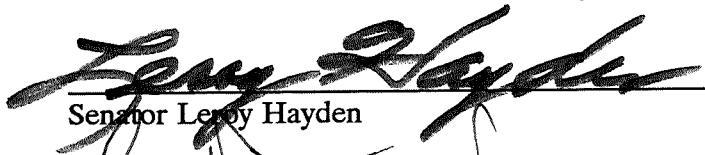
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Senator Dave Kerr  
Subcommittee Chair



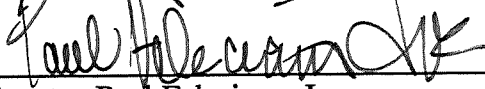
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Senator Alicia Salisbury



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Senator Leroy Hayden



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Senator Paul Feleciano, Jr.

**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	\$ 19,134,238	\$ 17,804,169	\$ 3,424
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
	\$ 19,134,238	\$ 17,804,169	\$ 3,424
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.



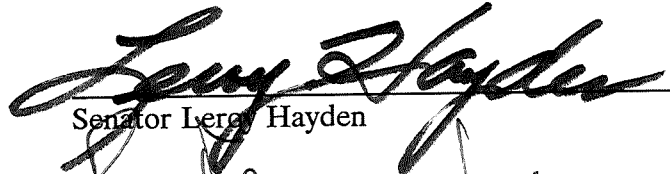

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Senator Dave Kerr  
Subcommittee Chair



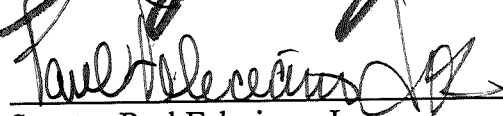

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Senator Alicia Salisbury




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Senator Leroy Hayden




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Senator Paul Feleciano, Jr.



**SUBCOMMITTEE REPORT**

**Agency:** Department of Social and Rehabilitation Services -- Community Mental Health Services

**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>
<b>All Funds:</b>			
State Operations	\$ 165,485,169	\$ 164,145,217	\$ --
Local Aid	33,686,870	33,686,870	--
Other Assistance	737,085,848	751,944,786	--
Subtotal -- Operating	\$ 936,257,887	\$ 949,776,873	\$ --
Capital Improvements	5,747,416	6,220,520	--
	<u>\$ 942,005,303</u>	<u>\$ 955,997,393</u>	<u>\$ --</u>
<b>State General Fund:</b>			
State Operations	\$ 68,725,746	\$ 65,911,693	\$ --
Local Aid	31,396,090	31,396,090	--
Other Assistance	312,015,828	307,170,931	--
Subtotal -- Operating	\$ 412,137,664	\$ 404,478,714	\$ --
Capital Improvements	--	117,670	--
<b>TOTAL</b>	<u>\$ 412,137,664</u>	<u>\$ 404,596,384</u>	<u>\$ --</u>
<b>FTE Positions</b>	3,202.7	3,213.7	--

Note: The above table reflects the agency's request and Governor's recommendation for the entire SRS budget.

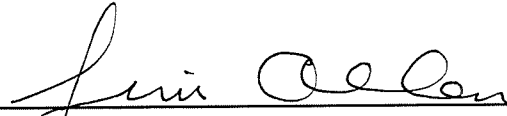
**Agency Request/Governor's Recommendation**

The Department of Social and Rehabilitation Services requests the following funding for mental health grants and assistance in FY 1991: State formula aid to community mental health centers, \$10,032,644 (SGF); Special purpose mental health grants, \$2,258,608 (SGF); Federal mental health block grant, \$2,001,223 (federal funds); and mental health reform, \$1,557,830, of which \$1,268,273 is from the State General Fund. The FY 1991 estimate totals \$15,850,305, of which \$13,559,525 is from the State General Fund. The Governor concurs with the agency's estimate in FY 1991.

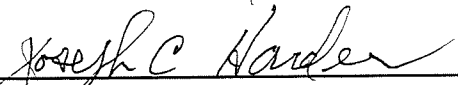
**Senate Subcommittee Recommendation**


The Senate Subcommittee concurs with the recommendations of the Governor.

*SWAM  
March 7, 1991  
Attachment 6*

  
\_\_\_\_\_  
Senator Jim Allen  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Bill Brady

  
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Senator Joseph C. Harder

  
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Senator Richard Rock

**SUBCOMMITTEE REPORT**

Agency: Department of Social and Rehabilitation Services -- Community Mental Health 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	\$ --
Local Aid	47,878,678	37,187,271	--
Other Assistance	824,263,141	824,977,418	--
Subtotal -- Operating	<u>\$ 1,059,608,452</u>	<u>\$ 1,028,128,905</u>	<u>\$ --</u>
Capital Improvements	5,944,550	6,032,664	--
	<u><u>\$ 1,065,553,002</u></u>	<u><u>\$ 1,034,161,569</u></u>	<u><u>\$ --</u></u>
State General Fund:			
State Operations	\$ 83,169,854	\$ 70,046,989	\$ --
Local Aid	44,918,321	34,996,491	--
Other Assistance	357,375,077	335,384,821	--
Subtotal -- Operating	<u>\$ 485,463,252</u>	<u>\$ 440,428,301</u>	<u>\$ --</u>
Capital Improvements	--	128,785	--
TOTAL	<u><u>\$ 485,463,252</u></u>	<u><u>\$ 440,557,086</u></u>	<u><u>\$ --</u></u>
FTE Positions	3,452.7	3,310.2	--

\* Excludes amounts reserved for employee compensation.

Note: The above table reflects the agency's request and Governor's recommendation for the entire SRS budget.

**Agency Request/Governor's Recommendation**

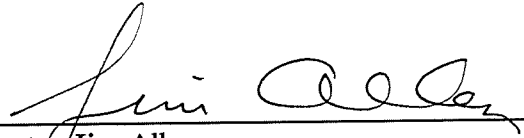
The Department of Social and Rehabilitation Services requests \$24,022,635 in FY 1992 for mental health aid and assistance, including \$21,831,854 from the State General Fund. The request is an increase of \$8,172,329 from the FY 1991 estimate, including an increase of \$8,272,329 from the State General Fund. The request includes \$10,534,276 from the State General Fund for state formula aid to mental health centers, including funding for a five percent COLA. The request includes \$4,307,541 from the State General Fund for special purpose grants, including funding to expand the Compeer program and add an additional 80 case manager positions. Also included in the request is \$3,704,850 for mental health reform, of which \$3,415,293 is from the State General Fund. The request includes funding for the second phase of mental health reform in the Osawatimie catchment area. The request includes funding for new initiatives for children and adolescents (\$1,244,440 SGF), vocational services (\$200,000), consumer-run programs (\$100,000), and technical

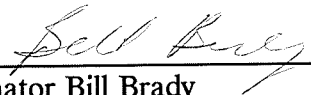
assistance (\$25,000). The Governor's current resources recommendation for mental health aid and assistance totals \$16,016,779, of which \$13,825,999 is from the State General Fund. The Governor's recommendation maintains funding for formula aid and special purpose grants at the FY 1991 levels. In the current resources budget \$1,200,000 is recommended for mental health reform. The current resources budget assumes that mental health reform would not be expanded. The Governor's enhanced recommendation includes an additional \$2,365,485 from the State General Fund to implement the second phase of mental health reform in the Osawatomie catchment area.

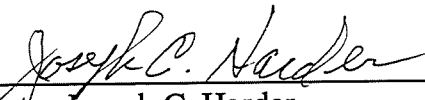
**Senate Subcommittee Recommendation**

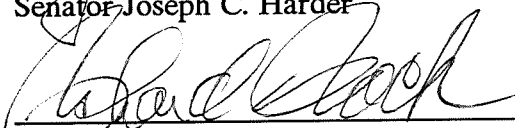
The Senate Subcommittee concurs with the recommendations of the Governor with the following exceptions:

1. 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.

  
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 Senator Jim Allen  
 Subcommittee Chair

  
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 Senator Bill Brady

  
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 Senator Joseph C. Harder

  
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 Senator Richard Rock



**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	\$ --
<b>GRAND TOTAL</b>	<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

*SWAM  
March 7, 1991  
Attachment 7*

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:

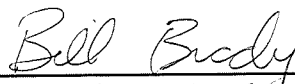
1. The Subcommittee was informed that Larned and the other state mental health hospitals are experiencing fee fund collection problems in the current year, primarily due to decreased collections from patient insurance, and that this trend is expected to continue into FY 1992. The Subcommittee discussed 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.

  
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 Senator Jim Allen  
 Subcommittee Chair

  
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 Senator William R. Brady

  
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 Senator Joseph C. Harder

  
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 Senator Richard R. Rock

## 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

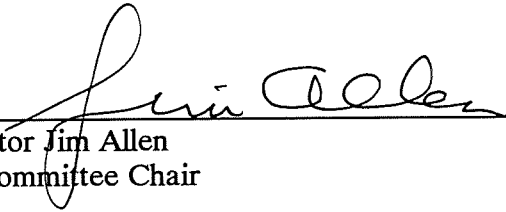
recommendation includes a downward adjustment for the cost of employee health insurance (\$239,287), an increase in the percentage of turnover savings (from 4.8 percent to 5.2 percent), a reduction of \$15,197 from the total amount requested for overtime, holiday, and shift differential pay, a reduction 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

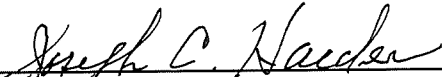
The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:


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.



  
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Senator Jim Allen  
Subcommittee Chair

  
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Senator William R. Brady

  
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Senator Joseph C. Harder

  
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Senator Richard R. Rock

**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>
<b>State Operations:</b>			
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>
<b>Capital Improvements:</b>			
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).

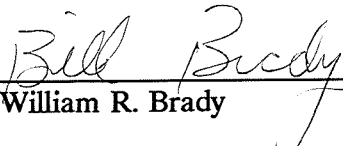
*SWAM  
March 7, 1991  
Attachment 8*

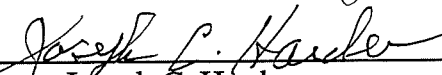
**Senate Subcommittee Recommendation**

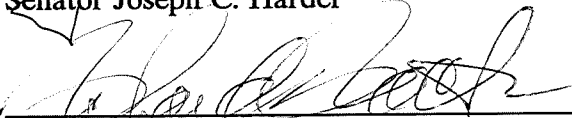
The Senate Subcommittee concurs with the Governor's budget recommendation with the following adjustments:

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.

  
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Senator Jim Allen  
Subcommittee Chair

  
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Senator William R. Brady

  
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Senator Joseph C. Harder

  
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Senator Richard R. Rock

**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>
<b>State Operations:</b>			
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>
<b>Capital Improvements:</b>			
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:

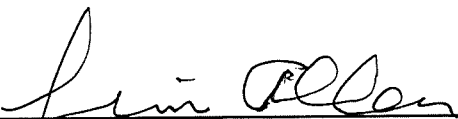
1. The Subcommittee was informed that Topeka and the other state mental health hospitals are experiencing fee fund collection problems in the current year, primarily due to decreased collections from patient insurance, and that this trend is expected to continue into FY 1992. The Subcommittee discussed 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.

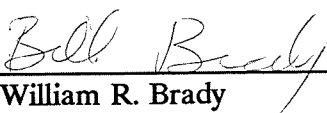
The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation will not be realized and that increased funding from other sources is necessary. The hospital projects an FY 1992 collections shortfall of \$590,824. The Subcommittee recommends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

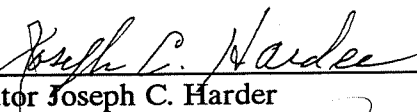
- a. Delete 6.0 FTE non-direct care positions and decrease the fee fund expenditure limitation by \$150,000, the amount of funding associated with the positions.

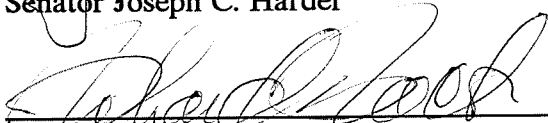


- b. Fund expenditures of \$132,651 from the Title XIX fund rather than from the hospital fee fund. The recommendation is reflected as an increase of \$132,651 to the Title XIX fund and a corresponding decrease of \$132,651 to the hospital fee fund expenditure limitation.
  - c. Add \$187,569 from the 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.

  
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Senator Jim Allen  
Subcommittee Chair

  
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Senator William R. Brady

  
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Senator Joseph C. Harder

  
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Senator Richard R. Rock

**SUBCOMMITTEE REPORT**

Agency: Osawatomie 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	--
<b>GRAND TOTAL</b>	<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. Osawatomie 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. Osawatomie 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.

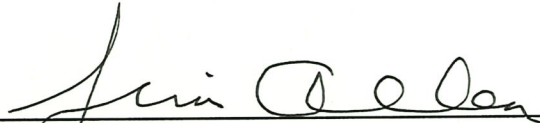
**Senate Subcommittee Recommendation**

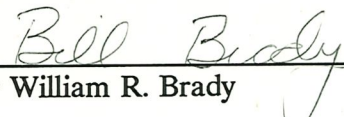
The Senate Subcommittee concurs with the Governor's budget recommendation with the following adjustments:

*SWAM*  
*March 7, 1991*  
*Attachment 9*

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.

  
 Senator Jim Allen  
 Subcommittee Chair

  
 Senator William R. Brady

  
 Senator Joseph C. Harder

  
 Senator Richard R. Rock

**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)
<b>GRAND TOTAL</b>	<u><u>\$ 22,886,999</u></u>	<u><u>\$ 21,017,422</u></u>	<u><u>\$ (211,700)</u></u>
FTE Positions	650.5	650.5	(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.

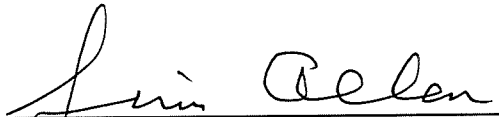
### Senate Subcommittee Recommendation


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

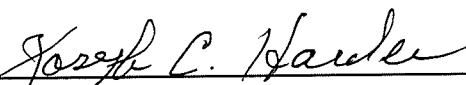
1. As stated in the FY 1991 Subcommittee report, the hospital projects a significant fee fund collections shortfall in FY 1992, primarily due to decreased insurance collections. The Subcommittee concludes that the amount of financing from the hospital fee fund contained in the Governor's budget recommendation 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.

  
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Senator Jim Allen  
Subcommittee Chair

  
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Senator William R. Brady

  
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Senator Joseph C. Harder

  
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Senator Richard R. Rock

**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>
<b>State Operations:</b>			
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	138,975
Federal Educ. Funds	22,022	22,022	--
Subtotal	<u>\$ 4,541,495</u>	<u>\$ 4,541,495</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State Institutions Building Fund	\$ 933,275	\$ 933,275	\$ --
<b>GRAND TOTAL</b>	<u><u>\$ 5,474,770</u></u>	<u><u>\$ 5,474,770</u></u>	<u><u>\$ 0</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**

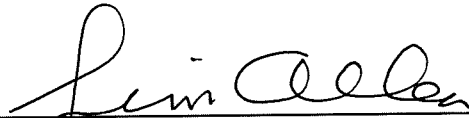
The Senate Subcommittee concurs with the Governor's budget recommendations with the following adjustments:

*SWAM  
March 7, 1991  
Attachment 10*

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.

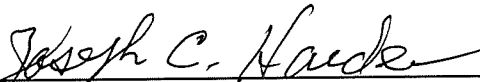
2. Add \$78,813 from Title XIX funds for salaries and wages in FY 1991. Rainbow officials state that this amount of funding is necessary to fund staff positions for the remainder of the fiscal year.



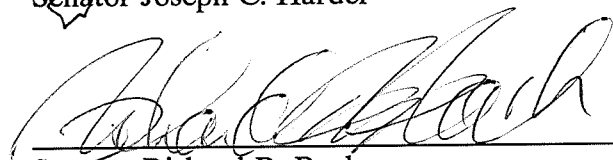
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 Senator Jim Allen  
 Subcommittee Chair



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 Senator William R. Brady



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 Senator Joseph C. Harder



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 Senator Richard R. Rock

**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	\$ 4,903,246	\$ 4,708,928	\$ (50,000)
Capital Improvements			
State Institutions Building Fund	\$ 0	\$ 0	\$ --
<b>GRAND TOTAL</b>	<u>\$ 4,903,246</u>	<u>\$ 4,708,928</u>	<u>\$ (50,000)</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.

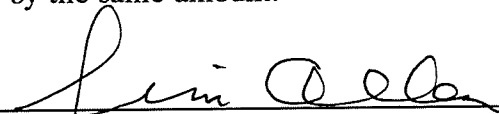
For FY 1992 the Governor recommends expenditures of \$4,708,928, a reduction of \$194,318 from the agency request. Although the reduction in financing could affect the facility's room rate charge, the Governor's recommendation for FY 1992 includes a reserve of funds for step movement, longevity bonuses, 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

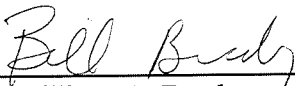
reduction from the request for other salary and wage items (\$3,670), a decrease in turnover savings, from the agency request of 7.6 percent to 5.5 percent, and reductions from the amounts requested for contractual services (\$24,394), commodities (\$6,831), and capital outlay (\$109,354),


### Senate Subcommittee Recommendations

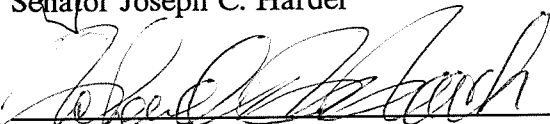
The Senate Subcommittee concurs with the Governor's budget recommendations with the following adjustments:

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.

  
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 Senator Jim Allen  
 Subcommittee Chair

  
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 Senator William R. Brady

  
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 Senator Joseph C. Harder

  
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 Senator Richard R. Rock