

Approved: 4-28-92  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 8:10 a.m. on March 27, 1992 in room 514-S of the Capitol.

All members were present except: Representatives Kline, Adam and Vancrum. (All excused).

Committee staff present: Ellen Piekalkiewicz, Legislative Research Department  
Debra Duncan, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Sue Krische, Administrative Aide  
Rose Baker, Committee Secretary

Conferees appearing before the committee:

None.

Others attending: See attached list

SB 507 - Appropriations for FY93, state mental health and mental retardation institutions.

### STATE MENTAL RETARDATION INSTITUTIONS

#### SYSTEMWIDE RECOMMENDATIONS

Representatives Helgerson and Goossen presented the subcommittee report on Systemwide Recommendations for FY92 and FY93. (Attachment 1). Representative Patrick questioned the difference between the percentage of the reduction of clients compared to the reduction of FTE's. Subcommittee responded that the rates of decrease in client and personnel movement cannot be computed on a percentage basis when suggesting the closing of a mental institution. The chart provided shows the authorized amount of FTE's and does not necessarily mean that this amount is employed. The subcommittee stated that those clients mentally capable will be placed into the community system. Representative Patrick expressed concern over the cost of these transitions over the next few years if there is no reduction in FTE's at the hospitals.

Representative Blumenthal responded to a question from Representative Wisdom regarding the waiting list of clients to be admitted into the hospitals. The plan is to provide coordination of placement between those on waiting lists and those clients in transition. In the majority of cases, it would not be frequent that bumping would occur. Representative Wisdom showed concern that if a client cannot survive in community services that there will be a place for them to go. The subcommittee stated that, if at all possible, we should place our clients in community-based service to live as normal a life as they can and that there is a recommended plan to take care of them when needed.

#### KANSAS NEUROLOGICAL INSTITUTE

Representative Hochhauser presented the subcommittee report on the Kansas Neurological Institute for FY92 and FY93. (Attachment 2).

#### PARSONS STATE HOSPITAL

Representative Helgerson presented the subcommittee report on the Parsons State Hospital for FY92 and FY93. (Attachment 3).

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 8:10 a.m. on March 27, 1992.

### WINFIELD STATE HOSPITAL AND TRAINING CENTER

The subcommittee report was presented by Representative Helgerson for the Winfield State Hospital and Training Center (Attachment 4).

Representative Helgerson moved adoption of the subcommittee reports on Systemwide Issues, Kansas Neurological Institute, Parsons State Hospital, and Winfield State Hospital and Training Center for FY92 and FY93. Seconded by Representative Goossen. Motion carried.

### STATE MENTAL HEALTH HOSPITALS

#### SYSTEMWIDE RECOMMENDATIONS AND OBSERVATIONS

Representative Pottorff presented the subcommittee report on the Systemwide Recommendations and Observations for FY92 and FY93 (Attachment 5). Chairman Teagarden asked if there was a difference in the requested funding from each hospital for the prescription drug Clozapine. Staff responded that the original requests were: \$50,000 from Osawatomie; \$102,000 from Topeka State; and \$189,000 from Larned. Each was funded at 75% of that request.

#### LARNED STATE HOSPITAL

Representative Goossen presented the subcommittee report on Larned State Hospital for FY92 and FY93 (Attachment 6). The subcommittee will provide Representative Mead the information regarding the amount of disproportionate share funding. Representative Turnquist questioned item #4, regarding the addition of \$93,083 from the SGF for the food program. Staff responded that there was a technical error in the Governor's recommendation and this amount was not included.

#### OSAWATOMIE STATE HOSPITAL

The subcommittee report was presented by Representative Goossen on Osawatomie State Hospital for FY92 and FY93. (Attachment 7).

#### RAINBOW MENTAL HEALTH FACILITY

The subcommittee report was presented on the Rainbow Mental Health Facility for FY92 and FY93. (Attachment 8).

#### TOPEKA STATE HOSPITAL

The subcommittee report was presented on Topeka State Hospital for FY92 and FY93. (Attachment 9).

Representative Helgerson moved adoption of the subcommittee reports on Systemwide Recommendations and Observations, Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, and the Topeka State Hospital for FY92 and FY93. Seconded by Representative Goossen. Motion carried.

Representative Helgerson presented to the committee a report explaining the proposed disproportionate share financing (Attachment 10). This report was provided by SRS management services. The current disproportionate share receipts for FY92 is \$105,620,868 and in FY93 will be \$104,876,776. This plan has been approved and this money has been received or is in the process of being received. Unless the Federal Government changes their law, the \$104M will be available each year.

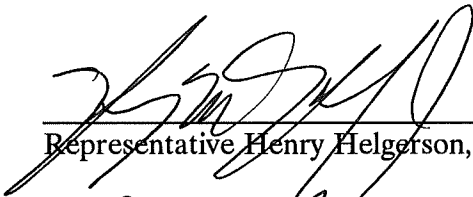
Meeting adjourned at 9:50 a.m. The next scheduled meeting will be March 30, 1992 at 1:30 p.m. in room 541-S.




HOUSE APPROPRIATIONS SUBCOMMITTEE NO. 2 (HUMAN SERVICES)

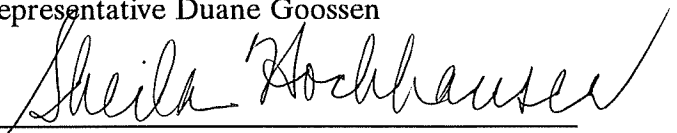
MENTAL RETARDATION HOSPITALS

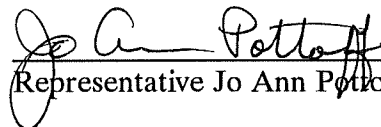
1. Systemwide recommendations
2. Kansas Neurological Institute  
(1992 S.B. 507 Section 3)
3. Parsons State Hospital  
(1992 S.B. 507 Section 6)
4. Winfield State Hospital  
(1992 S.B. 507 Section 9)

  
Representative Henry Helgerson, Chair

  
Representative Gary Blumenthal

  
Representative Duane Goossen

  
Representative Sheila Hochhauser

  
Representative Jo Ann Potliff

HOUSE OF REPRESENTATIVES  
APPROPRIATIONS SUBCOMMITTEE NO. 2 (HUMAN SERVICES)

SUBCOMMITTEE REPORT

STATE MENTAL RETARDATION INSTITUTIONS  
SYSTEMWIDE RECOMMENDATIONS

1. **Client Movement and Consolidation.** The process of reducing the number of clients with mental retardation and developmental disabilities at the state's mental retardation institutions began in 1990, when the Kansas Legislature ordered the Department of Social and Rehabilitation Services (SRS), Division of Mental Health and Retardation Services (MHRS) to implement the movement of fifty clients from the state hospitals into community settings. In 1992, this subcommittee, in its report on the budgets of SRS and the MR/MH institutions, suggested further reductions in census at all three mental retardation hospitals.

In response to the mandate of the 1990 Legislature and suggestions made during the 1991 Legislative Session, SRS/MHRS drew up a plan for census reduction at all three MR hospitals. The plan calls for the following end-of-year censuses at the state mental retardation hospitals.

End-of-year Census FY 1991-FY 1993

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
KNI	333	310	282
Parsons	270	270	242
Winfield	362	332	304

Reductions in staff are being undertaken at all three institutions in tandem with reductions in census, as the following table shows.

FTE Position Limitation FY 1991-FY 1993

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
KNI	879.5	862.5	852.5
Parsons	563	563	563
Winfield	1,002.5	992.5	972.5

Additionally, the elimination of 37.0 FTE positions at KNI, 26.0 FTE positions at Parsons and 10.0 FTE positions at Winfield is slated for FY 1993. These eliminations are not, however, reflected in the agencies' position limitations.

The Subcommittee has studied the matter of client movement from institutions to community settings intensively over the past two legislative sessions. It has concluded that, in the case of a majority of the state's citizens with mental retardation and developmental disabilities, care in a community-based setting is preferable to residence in the mental retardation institutions. While it is cognizant of the fact that the state mental retardation hospitals offer excellent care to clients living in the institutions, the Subcommittee believes that community settings offer care opportunities that are more client-centered, in which clients' families have more involvement in care decisions, and which, in the long-run, will prove much less expensive than residential care at the three mental retardation institutions.

Additionally, the HCBS-MR waiver will allow a dramatic expansion of the services that can be made available to clients in community-care systems. The waiver allows funding of such services at the Medicaid match rate of approximately 59 percent, which is a higher reimbursement rate than provided by traditional community funding sources. The enhanced funding allows community-care systems to provide the level of services that are required by patients who formerly would have required institutionalization in one of the state's MR hospitals.

The net effect of the waiver is that now, packages of services can be designed around the individual needs of clients, and the services can be provided in or near their home communities. Clients no longer have to be fitted into the routines and programmatic structures of institutional settings.

This Subcommittee, like the Senate Subcommittee, applauds the efforts of SRS/MHRS and the three institutions in moving clients into community settings. The Subcommittee notes the difficulties inherent in the process, and commends the institutions for keeping the process of client movement a client-centered one.

The SRS/MHRS plan for the movement of clients into the community calls for the elimination of 84 client beds in state mental retardation institutions by the end of FY 1993 (see table on p. 1.) A reduction in 28 beds is planned at each institution. The SRS/MHRS plan calls for downsizing to continue at the same rate, with equal reductions at each institution, up to and including Fiscal Year 1997.

The Subcommittee, however, feels that the current process of *downsizing* (i.e., closing beds) at all three institutions contemporaneously is a mistake. It serves, in the view of the Subcommittee, only to create insecurity among families of clients regarding the care for their loved ones, and creates a demoralizing uncertainty among state employees at the MR institutions with regard to the future of their jobs. Also, downsizing, unless done on a dramatic scale, does little to save money at the state institutions, and, in the short term, even increases costs per client-day.

The issue of whether it would be appropriate to consolidate the number of the state's MR institutions from three to two was considered during the 1991 Interim by the Ad Hoc Committee on Hospital Consolidation. The Committee studied the issue of hospital consolidation at the request of the Governor and the 1991 Legislature. It was composed of hospital employees, other public employees, parents and family members of people with mental retardation and

developmental disabilities and advocates for the disabled. The Committee has recently submitted the final version of its report to the Legislature. It found that consolidation of the number of state MR institutions from three to two would not entail a wholesale restructuring of the community system; the community system could be built up as each client moved into the community. It made a number of recommendations with the goals of keeping the process of client movement a client- and family-centered one, and of making the transition from an institutional-care model to a community-care model as easy as possible for both clients and their families, and affected staff and their families.

The Subcommittee, in deliberating the MR institutions' budgets, heard testimony on the progress of client movement into the community. The Subcommittee is encouraged by the success of the project to date. One key element of this success is client-centered planning of transition from institutions into the community, which was put into practice in the Community Integration Demonstration Project at Winfield State Hospital and KNI. Of the clients who have moved out of those hospitals as part of the project, none have had to return to the institutions and are being successfully integrated into community-based care systems.

The Subcommittee also heard testimony from hospital superintendents to the effect that, based on the record of clients who have moved into the community as part of the Community Integration Demonstration Project, many parents and family members would now greet the return of their loved ones from the institutions into the community; and that, if client movement continues and is accelerated--as is possible now with the new HCBS waiver--the State of Kansas will no longer need three MR hospitals.

The 1991 Interim Task Force on SRS recommended the closure of one of the state's MR hospitals.

In light of these factors, it is the opinion of the Subcommittee that the time has come to build up the community-care system for people with mental retardation and developmental disabilities, and to consolidate the number of state MR institutions from three to two. This will, of course, entail the closing of one of the state's MR institutions. The Subcommittee believes that SRS/MHRS is in the best position to ascertain which institution it would be most appropriate to close. The process of determining which hospital to close should be driven by what is best for the system's clients and their families, keeping in mind that it has been the experience of both families and professional caregivers that community settings are generally more positive than institutional ones. The agency should also consider the following factors, among others:

- The impact that the hospital's closing would have on the hospital's clients and their families.
- The availability of appropriate community-care settings and supports in the service area of each institution.
- The effect of closing an institution on the institution's staff, their families, and the institution's host community.
- The efficiency of the institution's operation.
- Employee availability and labor costs.



- The ability of the institution's home community to deal with the economic consequences of closure as determined by a financial-impact study; the community's general economic health, long-term labor trends in the community and employment alternatives for workers at the institution are among the factors that should be considered in this regard. In studying this factor, the finding of the Ad Hoc Committee that two jobs would be created for every client placed into the community should be kept in mind.
- The savings to the State of Kansas that would be generated by closing the institution. (It is the understanding of the Subcommittee that savings realized from the downsizing and closing of the institution would be used to augment community-care programs for people with mental retardation and developmental disabilities.)
- The state of the institution's physical plant, and future capital costs that would be incurred by the state if the institution were kept open.

In coming to the decision on which institution to close, SRS/MHRS should work in close consultation with a recognized outside expert.

The Subcommittee recommends that the pace of client movement from the institutions continue at the same pace as at present, i.e., approximately 84 clients a year. This should allow for the closing of the chosen hospital in approximately four years' time.

The agency should make a decision on which institution to close, and formulate a plan for client movement and consolidation, and present these in a report to the Kansas Legislature by January 1, 1993. The plan should be included in the agency's and SRS' FY 1994 budget requests.

The Subcommittee wishes to thank and to commend the Ad Hoc Advisory Committee on Hospital Consolidation. The Subcommittee believes that the conclusions and recommendations set out in the Ad Hoc Committee's report should be given careful consideration by SRS/MHRS in coming to a decision on which state MR institution it would be most appropriate to close.

**2. Budgetary Matters.** The Subcommittee recommends that the money added by the Senate in FY 1992 and FY 1993 be deleted. The Senate added money from the fee funds of each institution to provide general budgetary relief, along with additional money to relieve pressure created by staff turnover at KNI and Parsons State Hospital.

Disagreements between the Hospitals and the Division of the Budget with regard the agencies' historical turnover rates were brought to the Subcommittee's attention.

The *Governor's Budget Report* states that "The Governor's budget recommendations are intended to fund fully anticipated salary costs for state agencies. Shrinkage rates have been based on reasonable rates of employee attrition and the anticipated ability of agencies to fill vacancies as promptly as possible. The intent is to avoid a situation that forces agencies to hold positions vacant to force cost savings." (*GBR*, vol.I, p.24.)



KNI, however, has reported that the Governor's budget recommendations have forced it into a situation in which it will have to hold vacant every eighth position for the remainder of the fiscal year in order to meet the recommended turnover rate. A similarly urgent situation has been reported by Parsons State Hospital.

In view of the wide disparities between the turnover rates reported by the hospitals and those imposed in the Governor's recommendations, it is the opinion of the Subcommittee that the turnover rates should be reexamined by SRS, the Hospitals and the Division of the Budget. Those parties should examine the factors affecting salary turnover, and come up with FY 1992 and FY 1993 turnover rates that are indeed reasonable. The rates should not cause the agencies to force shrinkage in order to achieve savings, and should, most importantly, ensure adequate client care.

The Subcommittee believes that there should be a Governor's budget amendment on this item, and that it should be submitted to the Legislature for Omnibus consideration.

Finally, the Subcommittee recommends the restoration of pay plan moneys, deleted by the Senate, at all three institutions.

**SUBCOMMITTEE REPORT**

Agency: Kansas Neurological Institute      Bill No. 547      Bill Sec. New  
 Analyst: Colton      Analysis Pg. No. 796      Budget Page No. 376

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 11,600,023	\$ 11,416,969	\$ --
General Fees Fund	732,578	732,578	150,000
Medicaid	12,495,362	12,231,942	84,647
Foster Grandparents	188,231	188,231	--
Other Funds	61,890	61,890	--
Subtotal - Operations	<u>\$ 25,078,084</u>	<u>\$ 24,631,610</u>	<u>\$ 234,647</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	7,467	7,467	--
<b>TOTAL</b>	<u><u>\$ 25,085,551</u></u>	<u><u>\$ 24,639,077</u></u>	<u><u>\$ 234,647</u></u>
 Average Daily Census	322	322	--
 FTE Positions	862.5	862.5	--

**Agency Estimate/Governor's Recommendation**

For FY 1992, the agency estimates operating expenditures in the amount of \$25,078,084. Of the estimate, \$11,600,023 is from the State General Fund and \$13,478,061 is from other funds. The agency's estimate exceeds appropriations authorized by the 1991 Legislature by \$103,783. The agency's State General Fund estimate is \$13,389 less than the amount approved by the 1991 Legislature; the difference can be attributed to spending by the agency of FY 1991 moneys reappropriated for FY 1992. The agency requests an increase of \$16,672 in the expenditure limitations on the General Fee Fund and an increase of \$100,500 in the limitation on Medicaid expenditures. The increase in Title XIX spending is meant to offset the effects of the 1 percent cut in SGF spending ordered by the State Finance Council on August 23, 1991. Of the agency's FY 1992 estimate, \$21,065,302 is for salaries and wages; \$1,813,469 is for contractual services; \$2,067,318 is for commodities; and \$131,995 is for capital outlay.

The Governor recommends FY 1992 operating expenditures of \$24,631,610 for the Kansas Neurological Institute. This is a reduction of 1.8 percent from the agency estimate. Funding from the State General Fund is reduced by 1.6 percent from the agency estimate and Title XIX funding is decreased by 2.1 percent. The Governor concurs with the agency's FY 1992 estimate for spending from other funds. The Governor recommends FY 1992 spending of \$20,645,411 for salaries and wages; \$1,813,469 for contractual services; \$2,042,714 for commodities; and \$130,016 for capital outlay.

*HA  
3-27-92  
Attachment 2*

**Senate Subcommittee Recommendations**

The Subcommittee concurs with the Governor's recommendations, with the following exceptions and comments.

1. Raise the expenditure limitation on the agency's General Fees Fund by \$150,000. The Subcommittee learned that the agency is anticipating FY 1992 revenues to the Fund over and above those projected in its budget estimate, due to client movement that is progressing slightly more slowly than had been anticipated. The agency requested the increase in order to deal with general budgetary difficulties, particularly in the area of salaries and wages.
2. Add \$84,647 in Title XIX funding. This will enable the agency to decrease salary turnover to 7.09 percent, from the 7.5 percent that was recommended by the Governor. The figure recommended by the Subcommittee is an average of turnover rates from the past three fiscal years. The action was taken by the Subcommittee because of its feeling that the mental retardation institutions must be adequately staffed during this time of transition and movement of clients into community-care settings.
3. The Subcommittee commends the hospital for its good work in implementing the systemwide plan for movement of clients into community-care settings. The Subcommittee considers that the hospitals are making every effort to keep the process of client deinstitutionalization a client-centered one, and that they are undertaking transitions only when they are in the best interest of clients. The Subcommittee notes the difficulties that are inherent in this transition process, and feels that, if the plan is to succeed, the hospitals must be adequately funded and staffed. The institutions must have flexibility, both in terms of the client-movement plan and in terms of money. Problems that arise in the course of the client-movement plan must be brought to the attention of the Legislature.

**Senate Committee Recommendation**

The Senate Committee concurs with the Subcommittee's recommendation.

**Senate Committee of the Whole Recommendation**

The Senate Committee of the Whole agrees with the Committee's recommendations.

Expenditure Summary	Senate Rec. FY 92	House Sub. Adj. FY 92	House Subcommittee Rec.
<b>State Operations:</b>			
State General Fund	\$ 11,416,969	\$ --	\$ 11,416,969
General Fees Fund	882,578	(150,000)	732,578
Title XIX	12,316,580	(84,647)	12,231,942
Foster Grandparents	188,231	--	188,231
Other Funds	61,890	--	61,890
Subtotal - Operations	<u>\$ 24,866,248</u>	<u>\$ (234,647)</u>	<u>\$ 24,631,610</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	7,467	--	7,467
<b>TOTAL</b>	<u><u>\$ 24,873,715</u></u>	<u><u>\$ (234,647)</u></u>	<u><u>\$ 24,639,077</u></u>
Average Daily Census	322	--	322
FTE Positions	862.5	--	862.5

#### House Subcommittee Recommendations

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

1. Delete the \$150,000 that was added by the Senate for the relief of general budgetary difficulties, along with the \$84,647 in Title XIX funding that was added to reduce staff turnover. The Subcommittee believes that the issue of salary turnover is at the heart of the MR institutions' budgetary difficulties. The Subcommittee incorporates and reiterates the statements that it made in its systemwide report with regard to salary turnover, *i.e.*, the Subcommittee believes that the matter should be examined by the agencies, SRS/MHRS and the Division of the Budget, and that a Governor's Budget Amendment addressing the problem should be presented to the Legislature for Omnibus consideration.
2. The Subcommittee incorporates and reiterates the Statements in its systemwide report with regard to the consolidation of the number of state MR hospitals from three to two, and with regard to the movement of clients in those institutions into community-based care systems.

**SUBCOMMITTEE REPORT**

**Agency:** Kansas Neurological Institute

**Bill No.** 507

**Bill Sec.** 3

**Analyst:** Colton

**Analysis Pg. No.** 796

**Budget Page No.** 376

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 11,527,991	\$ 11,104,943	\$ 34,688
General Fees Fund	714,699	714,699	--
Medicaid	13,176,568	12,580,480	50,442
Foster Grandparents	188,231	188,231	--
Other Funds	59,665	46,707	--
Subtotal - Operations	<u>\$ 25,667,154</u>	<u>\$ 24,635,060</u>	<u>\$ 85,130</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	--	--	--
<b>TOTAL</b>	<u><u>\$ 25,667,154</u></u>	<u><u>\$ 24,635,060</u></u>	<u><u>\$ 85,130</u></u>
 Average Daily Census	 296	 296	 --
FTE Positions	858.5	852.5	--

**Agency Request/Governor's Recommendation**

The agency requests operating expenditures of \$25,667,154 in FY 1993. Of the request, \$11,527,991 is from the State General Fund and \$14,139,163 is from other funds. The FY 1993 request contemplates a reduction in KNI's average daily census, from 349 to 322 clients. In tandem with the census reduction, the agency plans a reduction in staff, from 862.5 FTE positions to 858.5 FTE. A 1991 appropriation act reduces the position limitation to 852.5 at the end of FY 1992. While the agency plans an overall FTE position reduction, it does seek to add 3.0 FTE positions to its Engineering and Protection program (at a cost of \$56,778, including fringe benefits). Additionally, it requests the retention of 3.0 FTE in its Community Services program that had been scheduled for elimination in FY 1993. Of the FY 1993 request, \$21,628,499 is for salaries and wages; \$1,822,150 is for contractual services; \$1,929,206 is for commodities; and \$287,299 is for capital outlay.

The Governor recommends an FY 1993 operating budget for KNI of \$24,635,060, a reduction of four percent from the agency request. In the recommendation, State General Fund expenditures are reduced by 3.7 percent from the agency request; Medicaid expenditures by 4.5 percent; and Chapter I expenditures by 22.7 percent. The Governor concurs with the agency's request for expenditures from other funds. The Governor concurs with the agency's average daily census for FY 1993, but reduces the agency's FTE position limitation by 6.0 FTE from the agency request, to 852.5 FTE. In the recommendation, \$20,763,250 is for salaries and wages; \$1,787,570 is for contractual services; \$1,943,514 is for commodities; and \$140,726 is for capital outlay.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, with the following exceptions and comments.

1. Add \$34,688 from the State General Fund, and \$50,442 in Title XIX funds at the current match rate of 59.23%, in order to reduce salary turnover to 7.09 percent. The Subcommittee makes this recommendation for the same reasons as were enumerated in Item No. 2 of the Subcommittee's FY 1992 report.
2. The Subcommittee reiterates its commendation of the hospital's work in moving clients into community-care settings, as well as its direction to bring problems that arise in the course of such movement to the attention of the Legislature.

<u>Expenditure Summary</u>	<u>Subcommittee Adjustments</u>	<u>Subcommittee Rec. FY 93</u>	<u>Committee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 34,688	\$ 11,139,631	\$ (176,414)
General Fees Fund	--	714,699	--
Medicaid	50,442	12,630,922	(253,863)
Foster Grandparents	--	188,231	--
Other Funds	--	46,707	--
Subtotal - Operations	\$ 85,130	\$ 24,720,190	\$ (430,277)
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	--	--	--
<b>TOTAL</b>	<u>\$ 85,130</u>	<u>\$ 24,720,190</u>	<u>\$ (430,277)</u>
Average Daily Census	--	296	--
FTE Positions	--	852.5	--

### Senate Committee Recommendation

The Senate Committee agrees with the Subcommittee's recommendations, with the following exception:

1. Delete \$176,414 State General Fund and \$253,863 Title XIX that had been foreseen to finance classified employee step movement, unclassified merit pool, and longevity bonuses.

### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole agrees with the Committee's recommendations.

Expenditure Summary	Senate Rec. FY 93	House Sub. Adj. FY 93	House Subcommittee Rec.
<b>State Operations:</b>			
State General Fund	\$ 10,963,217	\$ 141,726	\$ 11,104,943
General Fees Fund	714,699	--	714,699
Title XIX	12,377,059	203,421	12,580,480
Foster Grandparents	188,231	--	188,231
Other Funds	46,707	--	46,707
Total - Operations	<u>\$ 24,289,913</u>	<u>\$ 345,147</u>	<u>\$ 24,635,060</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	--	--	--
Average Daily Census	322	--	322
FTE Positions	858.5	--	852.5

### House Subcommittee Recommendations

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

1. Restore \$176,414 from the State General Fund and \$253,863 in Title XIX funds for classified employee step movement, longevity bonuses for eligible employees and unclassified merit pool.
2. The Subcommittee incorporates and reiterates the statements in its systemwide report with regard to the establishment of a reasonable rate of salary turnover at the MR institutions. The main criterion to be used in establishing this rate is the maintenance of a level of staffing that is adequate to ensure good client care. The Subcommittee suggests that the agency, SRS/MHRS and the Division of the Budget study this issue, and that a Governor's Budget Amendment addressing this problem be presented to the Legislature for Omnibus consideration. Until such time, the Subcommittee recommends the deletion of the \$34,668 State General Fund and the \$50,442 in Title XIX that the Senate added to reduce the turnover required of the agency.
3. The Subcommittee incorporates and reiterates the statements in its systemwide report with regard to the consolidation of the number of state MR hospitals from three to two, and with regard to the movement of clients in those institutions into community-based care environments.



**SUBCOMMITTEE REPORT**

**Agency:** Parsons State Hospital

**Bill No.** 547

**Bill Sec.** New

**Analyst:** Colton

**Analysis Pg. No.** 833

**Budget Page No.** 454

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 7,618,514	\$ 7,517,484	\$ --
General Fees Fund	699,504	670,123	140,670
Medicaid	9,636,831	9,491,442	98,913
Other Funds	34,844	34,844	--
Subtotal	<u>\$ 17,989,693</u>	<u>\$ 17,713,893</u>	<u>\$ 239,583</u>
<b>Other Assistance:</b>			
State General Fund	1,000	1,000	--
Subtotal - Operating	<u>\$ 17,990,693</u>	<u>\$ 17,714,893</u>	<u>\$ 239,583</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	0	0	--
<b>TOTAL</b>	<u><u>\$ 17,990,693</u></u>	<u><u>\$ 17,714,893</u></u>	<u><u>\$ 239,583</u></u>
 Average Daily Census	 270	 270	 --
FTE Positions	563	563	--

**Agency Estimate/Governor's Recommendation**

The agency estimates FY 1992 expenditures of \$17,990,693. This is \$52,401 more than was appropriated by the 1991 Legislature. The agency's State General Fund expenditure estimate is \$599 less than the amount appropriated by the 1991 Legislature (as adjusted by subsequent actions of the State Finance Council); the difference can be attributed to spending in FY 1991 of moneys reappropriated for FY 1992. Its estimate for expenditures from its General Fees Fund exceeds those authorized by the 1991 Legislature by \$56,727. Its estimate for Medicaid expenditures exceeds the amount authorized by the 1991 Legislature by \$20,244. Its estimate for spending from other funds, however, is \$23,971 less than the amount authorized by the 1991 Legislature. The increase in Title XIX spending is an effort to offset the effects of the 1 percent cut in SGF spending ordered by the State Finance Council on August 23, 1991. Significant expenditure items in the FY 1992 agency estimate include \$14,995,862 for salaries and wages, \$1,784,129 for contractual services, \$1,121,275 for commodities and \$88,427 for capital outlay.

The Governor recommends an FY 1992 operating budget of \$17,714,893 for Parsons State Hospital and Training Center. The recommendation is a reduction from the agency estimate of \$275,800. Funding from the State General Fund is reduced in the recommendation by \$101,030 and Medicaid funding is reduced by \$145,389. The Governor recommends spending from the agency's General Fees Fund that is \$29,381 less than that estimated by the agency; she concurs with the agency's estimate for spending from other funds.

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Attachment 3*

### **Senate Subcommittee Recommendations**

The Subcommittee concurs with the Governor's recommendations, with the following exceptions and comments.

1. Raise the expenditure limitation on the agency's General Fees Fund by \$140,670. The Subcommittee learned that the agency is anticipating FY 1992 revenues to the Fund over and above those projected in its budget estimate, due to client movement that is progressing slightly more slowly than had been anticipated. The agency requested the increase in order to deal with general budgetary difficulties, particularly in the area of salaries and wages.
2. Add \$98,913 in Title XIX funding. This will enable the agency to decrease salary turnover to 5.73 percent, from the 6.4 percent that was recommended by the Governor. The figure recommended by the Subcommittee is an average of turnover rates from the past three fiscal years. The action was taken by the Subcommittee because it believes that the mental retardation institutions must be adequately staffed during this time of transition and movement of clients into community-care settings.
3. The Subcommittee commends the hospital for its good work in implementing the systemwide plan for movement of clients into community-care settings. The Subcommittee considers that the hospitals are making every effort to keep the process of client deinstitutionalization a client-centered one, and that they are undertaking transitions only when they are in the best interest of clients. The Subcommittee notes the difficulties that are inherent in this transition process, and feels that, if the plan is to succeed, the hospitals must be adequately funded and staffed. The institutions must have flexibility, both in terms of the client-movement plan and in terms of money. Problems that arise in the course of the client-movement plan must be brought to the attention of the Legislature.

### **Senate Committee Recommendation**

The Senate Committee agrees with the Subcommittee's recommendations.

### **Senate Committee of the Whole Recommendation**

The Senate Committee of the Whole agrees with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Rec.</u>	<u>House Sub. Adj.</u>	<u>House Sub. Rec.</u>
State General Fund	\$ 7,517,484	\$ --	\$ 7,517,484
General Fees	810,793	(140,670)	670,123
Title XIX	9,590,355	(98,913)	9,491,442
Other Funds	34,844	--	34,844
Subtotal	<u>\$ 17,953,476</u>	<u>\$ (239,583)</u>	<u>\$ 17,713,893</u>
Other Assistance	1,000	--	1,000
TOTAL	<u><u>\$ 17,954,476</u></u>	<u><u>\$ (239,583)</u></u>	<u><u>\$ 17,714,893</u></u>
FTE Positions	563	--	563
ADC	270	--	270

### House Subcommittee Recommendations

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

1. Delete the \$140,670 that was added by the Senate for the relief of general budgetary difficulties, along with the \$98,913 in Title XIX funding that was added to reduce staff turnover. The Subcommittee believes that the issue of salary turnover is at the heart of the MR institutions' budgetary difficulties. The Subcommittee incorporates and reiterates the statements that it made in its systemwide report with regard to salary turnover, *i.e.*, the Subcommittee believes that the matter should be examined by the agencies, SRS/MHRS and the Division of the Budget, and that a Governor's Budget Amendment addressing the problem should be presented to the Legislature for Omnibus consideration.
2. The Subcommittee incorporates and reiterates the Statements in its systemwide report with regard to the consolidation of the number of state MR hospitals from three to two, and with regard to the movement of clients in those institutions into community-based care systems.

**SUBCOMMITTEE REPORT**

**Agency:** Parsons State Hospital

**Bill No.** 507

**Bill Sec.** 6

**Analyst:** Colton

**Analysis Pg. No.** 833

**Budget Page No.** 454

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 7,695,511	\$ 7,419,257	\$ 40,494
General Fees Fund	608,635	566,760	--
Medicaid	10,080,582	9,817,044	58,830
Other Funds	34,844	34,844	--
Subtotal	<u>\$ 18,419,572</u>	<u>\$ 17,837,905</u>	<u>\$ 99,324</u>
<b>Other Assistance:</b>			
State General Fund	1,000	1,000	--
Subtotal - Operating	<u>\$ 18,420,572</u>	<u>\$ 17,838,905</u>	<u>\$ 99,324</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	237,500	0	--
<b>TOTAL</b>	<u><u>\$ 18,658,072</u></u>	<u><u>\$ 17,838,905</u></u>	<u><u>\$ 99,324</u></u>
 Average Daily Census	 256	 256	 --
FTE Positions	565	563	--

**Agency Request/Governor's Recommendation**

The agency requests operating expenditures of \$18,420,572 in FY 1993. This represents a 2.3 percent increase over the agency's revised current fiscal year estimate. State General Fund expenditures are increased over the FY 1992 estimate by 1 percent. The request includes \$63,860 from the State General Fund that was not requested by the agency in its original budget document. The requested \$63,860 would finance a 1.0 FTE Children's Services Coordinator (\$30,072), a 1.0 FTE Office Assistant III (\$15,948), fringe benefits for the two requested positions (\$12,840), and other operating expenditures (\$5,000) for a program that would coordinate services for mentally disabled children from birth to age 5. The agency reports that (Federal) Public Law 99-457(h) requires both states and localities to form Interagency Coordinating Councils for this purpose. The agency reports, further, that such a council is being formed in Labette County, where the agency is located, and that it has been asked to act as a lead agency in the council. The agency reports its intention to eliminate 26 FTE positions during the last six months of FY 1993. Because the eliminations are to take place over all of FY 1993, they are not reflected in the agency's FY 1993 FTE position limitation. The eliminations are being undertaken contemporaneously with a reduction in the institution's average daily census.

The Governor recommends FY 1993 funding for agency operations in the amount of \$17,838,905, which is a reduction of \$581,667 from the agency request. Spending from the State General Fund is reduced by \$276,254; Title XIX spending is reduced by \$263,538; and spending from

the agency's General Fees Fund is reduced by \$41,875. The Governor concurs with the agency's request for Chapter I spending. The Governor does not recommend the two requested FTE positions for the Labette County area Interagency Coordinating Council for the coordination of services to mentally-disabled children. The Governor is in accord with the agency's intention to eliminate 26.0 FTE positions during the course of FY 1993.

The agency requests \$237,500 from the State Institutions Building Fund for three capital improvements projects. The Governor recommends no funding for the requested capital improvements projects.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, with the following exceptions and comments.

1. Add \$40,494 from the State General Fund, and \$58,830 in Title XIX funding at the current match rate of 59.23%, in order to reduce salary turnover to 5.73 percent. The Subcommittee makes this recommendation for the same reason that was mentioned in Item No. 2 of the Subcommittee's FY 1992 report.
2. The Subcommittee reiterates its commendation of the hospital's work in moving clients into community-care settings, as well as its direction to bring problems that arise in the course of such movement to the attention of the Legislature.

<u>Expenditure Summary</u>	<u>Subcommittee Adjustments</u>	<u>Subcommittee Rec. FY 93</u>	<u>Committee Adjustments</u>
State Operations:			
State General Fund	\$ 40,494	\$ 7,459,751	\$ (139,049)
General Fees Fund	--	566,760	--
Medicaid	58,830	9,875,874	(200,094)
Other Funds	--	34,844	--
Subtotal	<u>\$ 99,324</u>	<u>\$ 17,937,229</u>	<u>\$ (339,143)</u>
Other Assistance:			
State General Fund	--	1,000	--
Subtotal - Operating	<u>\$ 99,324</u>	<u>\$ 17,938,229</u>	<u>\$ (339,143)</u>
Capital Improvements:			
State Institutions Bldg. Fund	--	--	--
TOTAL	<u><u>\$ 99,324</u></u>	<u><u>\$ 17,838,905</u></u>	<u><u>\$ (339,143)</u></u>
Average Daily Census	--	256	--
FTE Positions	--	563	--

### Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee, with the following exception:

1. Delete \$139,049 State General Fund and \$200,094 Title XIX that the Governor recommended for classified employee step movement, unclassified merit pool, and longevity bonuses.

### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole agrees with the Committee's recommendations.

Expenditure Summary	Senate Rec.	House Sub. Adj.	House Sub. Rec.
State General Fund	\$ 7,320,702	\$ 98,555	\$ 7,419,257
General Fees	566,760	--	566,760
Title XIX	9,675,780	141,264	9,817,044
Other Funds	34,844	0	34,844
Subtotal	<u>\$ 17,598,086</u>	<u>\$ 239,819</u>	<u>\$ 17,837,905</u>
Other Assistance (SGF)	1,000	--	1,000
TOTAL	<u><u>\$ 17,599,086</u></u>	<u><u>\$ 239,819</u></u>	<u><u>\$ 17,838,905</u></u>
FTE Positions	563	--	563
Average Daily Census	256	--	256

### House Subcommittee Recommendations

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

1. Restore \$139,049 from the State General Fund and \$200,094 in Title XIX funds for classified employee step movement, longevity bonuses for eligible employees and unclassified merit pool.
2. The Subcommittee incorporates and reiterates the statements in its systemwide report with regard to the establishment of a reasonable rate of salary turnover at the MR institutions. The main criterion to be used in establishing this rate is the maintenance of a level of staffing that is adequate to ensure good client care. The Subcommittee suggests that the agency, SRS/MHRS and the Division of the Budget study this issue, and that a Governor's Budget Amendment addressing this problem be presented to the Legislature for Omnibus consideration. Until such time, the Subcommittee recommends the deletion of the \$40,494 State General Fund and the \$58,830 in Title XIX that the Senate added to reduce the turnover required of the agency.

3. The Subcommittee incorporates and reiterates the statements in its systemwide report with regard to the consolidation of the number of state MR hospitals from three to two, and with regard to the movement of clients in those institutions into community-based care environments.



**SUBCOMMITTEE REPORT**

**Agency:** Winfield State Hospital and Training Center

**Bill No.** 547

**Bill Sec.** New

**Analyst:** Colton

**Analysis Pg. No.** 865

**Budget Page No.** 622

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Governor's Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 13,534,858	\$ 13,484,179	\$ --
General Fees Fund	1,312,288	1,312,288	56,398
Medicaid	15,086,467	15,030,162	99,102
Foster Grandparents	190,844	190,844	--
Other Funds	41,304	41,304	--
Subtotal - Operating	<u>\$ 30,165,761</u>	<u>\$ 30,058,777</u>	<u>\$ 155,500</u>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	236,627	236,627	--
<b>TOTAL</b>	<u><u>\$ 30,402,388</u></u>	<u><u>\$ 30,295,404</u></u>	<u><u>\$ 155,500</u></u>
 Average Daily Census	 336	 336	 --
FTE Positions	992.5	992.5	--

**Agency Estimate/Governor's Recommendation**

Winfield State Hospital and Training Center estimates FY 1992 operating expenditures of \$30,165,761. Of the FY 1992 estimate, \$13,534,858 is from the State General Fund; the estimate is equal to the amount authorized by the 1991 Legislature as adjusted by subsequent actions of the State Finance Council. The agency estimates \$15,086,467 in Title XIX expenditures; this exceeds the limitation placed upon such expenditures by the 1991 Legislature by \$15,112. The estimate also includes \$1,312,288 from the agency's General Fees Fund; this exceeds the 1991 Legislature's limitation on expenditures from this fund by \$121,604. Finally, the estimate includes \$190,844 in federal Foster Grandparents program funding and \$41,304 in other funds. Of the FY 1992 estimate, \$24,900,029 is for salaries and wages; \$3,282,583 is for contractual services; \$1,813,350 is for commodities; and \$169,529 is for capital outlay.

The Governor recommends an FY 1992 operating budget of \$30,058,777 for the Hospital, a decrease of \$106,984 from the agency estimate. The decrease is attributable solely to State General Fund salary expenditures.

**Senate Subcommittee Recommendations**

The Subcommittee concurs with the Governor's recommendation, with the following adjustments and comments.

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1. Raise the expenditure limitation on the agency's General Fees Fund by \$56,398, and add \$99,102 in Title XIX at the current matching rate of 59.23%. This action is taken in order to ease the hospital's general financial situation as it works to move clients into community settings and make concomitant staffing adjustments. The Subcommittee notes that this measure provides the hospital with \$155,500 in additional revenue, or \$48,516 more than the agency's original FY 1992 estimate.
2. The Subcommittee wishes to commend the hospital for the job it is doing in moving clients into the community, and in making the staff adjustments that were mandated by the Legislature in 1990 and 1991. The Subcommittee feels that the hospitals are making every effort to keep the process of deinstitutionalization a client-centered one, and that they are only undertaking transitions when they are indeed in the best interest of clients. The Subcommittee recognizes the difficulties that are inherent in this transition process, and that, in order to succeed, the hospitals must be adequately staffed and funded. The hospitals need to have flexibility, both in terms of money and adherence to client-movement plans, in this time of change. Problems that arise in the process of moving clients into the community must be brought to the attention of the Legislature.

#### Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

#### Senate Committee of the Whole Recommendation

The Senate Committee of the Whole agrees with the Committee's recommendations.

Expenditure Summary	Senate Rec. FY 92	House Sub. Adj.	House Sub. Rec.
State General Fund	\$ 13,484,179	\$ --	\$ 13,484,179
General Fees	1,368,686	(56,398)	1,312,288
Title XIX	15,129,264	(99,102)	15,030,162
Foster Grandparents	190,844	--	190,844
Other Funds	41,304	--	41,304
Subtotal	<u>\$ 30,214,277</u>	<u>\$ (155,500)</u>	<u>\$ 30,058,777</u>
Capital Improvements:			
SIBF	236,627	--	236,627
TOTAL	<u><u>\$ 30,450,904</u></u>	<u><u>\$ (155,500)</u></u>	<u><u>\$ 30,295,404</u></u>
FTE Positions	992.5	--	992.5
ADC	336	--	336

### House Subcommittee Recommendations

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

1. Delete the \$56,398 in General Fees funding and \$99,102 in Title XIX funding that was added by the Senate for the relief of general budgetary difficulties. The Subcommittee believes that the issue of salary turnover is at the heart of the MR institutions' budgetary difficulties. The Subcommittee incorporates and reiterates the statements that it made in its systemwide report with regard to salary turnover, *i.e.*, the Subcommittee believes that the matter should be examined by the agencies, SRS/MHRS and the Division of the Budget, and that a Governor's Budget Amendment addressing the problem should be presented to the Legislature for Omnibus consideration.
2. The Subcommittee incorporates and reiterates the Statements in its systemwide report with regard to the consolidation of the number of state MR hospitals from three to two, and with regard to the movement of clients in those institutions into community-based care systems.

**SUBCOMMITTEE REPORT**

**Agency:** Winfield State Hospital and Training Center

**Bill No.** 507

**Bill Sec.** 9

**Analyst:** Colton

**Analysis Pg. No.** 865

**Budget Page No.** 622

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Governor's Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 14,481,593	\$ 13,535,210	\$ --
General Fees Fund	944,275	944,275	--
Medicaid	15,898,134	14,972,598	--
Foster Grandparents	--	--	--
Other Funds	39,100	33,568	--
Subtotal - Operating	<u>\$ 31,363,102</u>	<u>\$ 29,485,651</u>	<u>\$ --</u>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	781,900	581,700	--
<b>TOTAL</b>	<u><u>\$ 32,145,002</u></u>	<u><u>\$ 30,067,351</u></u>	<u><u>\$ --</u></u>
Average Daily Census	318	318	--
FTE Positions	879.5	872.5	--

**Agency Request/Governor's Recommendation**

The agency requests FY 1993 operating expenditures in the amount of \$31,363,102. The request is predicated upon a reduction in staff from 992.5 FTE positions in FY 1992 to 879.5 FTE in FY 1993. The 1991 Legislature reduced the agency's FTE limitation to 872.5 as of June 30, 1992. The agency's request makes the mandated reductions, but also includes 7.0 new FTE positions. Along with the reduction in staffing, the agency indicates that its average daily census of clients will be reduced from 336 in FY 1992 to 318 in FY 1993.

The Governor recommends FY 1993 operating expenditures of \$29,485,651; this is a decrease of \$1,877,451 from the agency request, and a reduction of \$573,126 from the recommendation for FY 1992. State General Fund expenditures are decreased by \$946,383, relative to the agency request; and Title XIX expenditures are decreased by \$925,536. The Governor concurs with the agency's request for fee fund expenditures, while spending from all other funds is reduced by \$5,532. The Governor's recommendation reduces the agency's FTE position limitation to 872.5, the number approved by the 1991 Legislature.

**Senate Subcommittee Recommendations**

The Subcommittee concurs with the Governor's recommendation with the following comments and recommendation:

1. The Subcommittee reiterates its commendation of the hospital's work in moving clients into the community and for dealing successfully with the transitional period that the state's mental retardation institutions find themselves in.
2. The Subcommittee recommends that the Department of Social and Rehabilitation Services, Division of Mental Health and Retardation Services undertake a study to see whether the facility at Winfield could serve as a correctional facility for inmates with mental retardation and developmental disabilities. The study should focus on other states' efforts in this area, and a preliminary finding should be made to the Legislature by the middle of March.

Expenditure Summary	Subcommittee Adjustments	Subcommittee Rec. FY 93	Committee Adjustments
<b>State Operations:</b>			
State General Fund	\$ --	\$ 13,535,210	\$ (206,298)
General Fees Fund	--	944,275	--
Medicaid	--	14,972,598	(296,869)
Foster Grandparents	--	--	--
Other Funds	--	33,568	--
Subtotal - Operating	\$ --	\$ 29,485,651	\$ (503,167)
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	--	581,700	(183,850)
<b>TOTAL</b>	<b>\$ --</b>	<b>\$ 30,067,351</b>	<b>\$ (687,017)</b>
 Average Daily Census	 --	 318	 --
FTE Positions	--	872.5	--

#### Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee, with the following exception:

1. Delete \$206,298 State General Fund and \$296,869 Title XIX that was intended for classified employee step movement, longevity bonuses, and unclassified merit pool.
2. The Senate Committee concurs with the Senate Committee's Capital Improvements Subcommittee recommendation to reduce Governor's recommendation for capital improvement spending at Winfield State Hospital from \$581,700 to \$397,850. The recommendation deletes the renovation of bathrooms at the Holly Building and various projects in the Juniper, Holly and Medical Services

Buildings, and adds the razing of the industrial and bakery buildings and the building of a sidewalk.

**Senate Committee of the Whole Recommendation**

The Senate Committee of the Whole agrees with the Committee's recommendations.

<u>Expenditure Summary</u>	<u>Senate Rec.</u>	<u>House Sub. Adj.</u>	<u>House Sub. Rec.</u>
State General Fund	\$ 13,328,912	\$ 206,298	\$ 13,535,210
General Fees Fund	944,275	--	944,275
Title XIX	14,675,729	296,869	14,972,598
Other Funds	33,568	--	33,568
Subtotal	<u>\$ 28,982,484</u>	<u>\$ 503,167</u>	<u>\$ 29,485,651</u>
Capital Improvements:			
SIBF	397,850	(47,050)	350,800
<b>TOTAL</b>	<u><u>\$ 29,380,334</u></u>	<u><u>\$ 456,117</u></u>	<u><u>\$ 29,836,451</u></u>
 FTE Positions	 872.5	 --	 872.5
ADC	318	--	318

**House Subcommittee Recommendations**

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

1. Restore \$206,298 from the State General Fund and \$296,869 in Title XIX funds for classified employee step movement, longevity bonuses for eligible employees and unclassified merit pool.
2. The Subcommittee incorporates and reiterates the statements in its systemwide report with regard to the establishment of a reasonable rate of salary turnover at the MR institutions. The main criterion to be used in establishing this rate is the maintenance of a level of staffing that is adequate to ensure good client care. The Subcommittee suggests that the agency, SRS/MHRS and the Division of the Budget study this issue, and that a Governor's Budget Amendment addressing this problem be presented to the Legislature for Omnibus consideration.
3. The Subcommittee incorporates and reiterates the statements in its systemwide report with regard to the consolidation of the number of state MR hospitals from three to two, and with regard to the movement of clients in those institutions into community-based care environments.

4. The Subcommittee does not concur with the Senate Ways and Means Subcommittee on Capital Improvements, but rather with the Joint Committee on State Building Construction's recommendation of \$350,800 from the State Institutions Building Fund for capital improvement projects at Winfield. The money would finance the improvement of client privacy in the Holly Building.



## STATE MENTAL HEALTH HOSPITALS SYSTEMWIDE RECOMMENDATIONS AND OBSERVATIONS

### Senate Subcommittee Recommendations

The Subcommittee notes that the following issues have an impact on the state hospital system as a whole and chooses to address these items as systemwide issues.

1. Each of the mental health hospitals requested funding for the prescription drug Clozapine (Clozaril) in their FY 1993 budget requests. The Subcommittee was informed that Clozaril is considered to be a treatment breakthrough for severely ill schizophrenic patients who cannot tolerate or who fail to respond adequately to standard antipsychotic drug therapy.

The Subcommittee notes that Clozaril treatment is expensive, costing a monthly average of from \$425 to \$450, depending upon the prescribed dosage. However, the hospitals have reported favorable results in the patients who have been treated with the drug in FY 1992. The Subcommittee believes that failure to provide funding for Clozaril treatment presents an ethical issue as to whether hospital patients should be denied this treatment option. Moreover, the Subcommittee was informed that a potential legal issue could be raised either by the hospital's refusal to continue a patient's Clozaril treatment if the patient has been receiving Clozaril treatment in the community or by the hospital's failure to offer Clozaril therapy as a treatment option.

The Subcommittee notes that, although no funding for Clozaril was included in the mental health hospitals' FY 1992 budgets, funding of \$160,000 from the SRS fee fund was allocated for Clozaril use at the state hospitals. As of February 18, 1992, a combined total of \$31,384 had been expended by the hospitals. The Subcommittee was informed that the hospitals have worked with the SRS central office in developing a Clozaril protocol, which was finalized on February 5, 1992. The Subcommittee received testimony indicating that, with specific guidelines and criteria for the use of Clozaril now in place, physicians will be more inclined to prescribe it and the number of hospitalized patients for whom Clozaril is prescribed is expected to increase rapidly.

The Subcommittee recommends that each of the three larger hospitals (Larned, Osawatomie, and Topeka) receive Title XIX funding for FY 1993 in an amount equivalent to 75 percent of the hospital's request to the Subcommittee for Clozaril. These recommended amounts, which are included in the individual Subcommittee reports, include \$141,750 for Larned, \$66,150 for Topeka, and \$37,500 for Osawatomie, for total systemwide FY 1993 funding of \$245,500. The Subcommittee recommends that a proviso be added to the appropriations bill limiting expenditures from these amounts to purchases of Clozaril. The Subcommittee further recommends that the second House address this issue to determine whether the hospitals' estimates for Clozaril usage have altered with increased treatment experience.

The Subcommittee was informed that Rainbow Mental Health Facility does not now anticipate starting any patients on Clozaril because clinical results are not

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generally achieved for three to six months, and the average length of stay for adults at Rainbow is ten days. Any Rainbow patients for whom Clozaril treatment would be considered appropriate would be transferred to Osawatomie State Hospital. Any patients who are admitted to Rainbow for whom Clozaril has already been prescribed would receive Clozaril from their existing prescriptions.

2. The Subcommittee recommends restoration of the Substance Abuse Treatment programs to the Osawatomie State Hospital and Larned State Hospital budgets. The Governor's recommendation eliminated funding for these programs and the related FTE positions. The Governor's recommendation includes a transfer of \$1,210,000 from the State General Fund to the SRS Alcohol and Drug Abuse Services (ADAS) program "to begin community-based treatment programs in Osawatomie and Larned." The total cost of restoring both the Osawatomie and Larned programs is \$1,922,305 (\$1,210,000 SGF, \$246,887 fees, and \$465,418 Title XIX). The Subcommittee recommends that the SGF funding of \$1,210,000 included in the ADAS budget for community programs in place of the hospital programs be utilized for hospital program funding.

The Subcommittee believes that its decision to maintain the inpatient treatment programs at the hospitals is appropriate for a number of reasons. The Subcommittee received testimony stating that, of 104 consecutive admissions to the Osawatomie Substance Abuse Treatment program, 80 percent were determined to be in need of inpatient services under ADAS criteria. Of those persons who were determined not to be in need of inpatient services, all but one were court-ordered admissions to whom the hospital could not refuse admission. Twenty-nine percent of the Osawatomie patients studied had a psychiatric diagnosis and an additional 40 percent had an existing psychiatric problem. The incidence of dually diagnosed patients is high. Of the patients included in the Osawatomie study, twenty-three percent had a physical condition or complication requiring twenty-four hour observation, evaluation, and care, and 59 percent had other physical conditions or complications. Sixty-one percent of the patients required detoxification, which must be done in an inpatient setting.

Larned State Hospital concurs with Osawatomie's statements regarding the high percentage of patients requiring inpatient treatment and detoxification and the frequency of concurrent psychiatric diagnoses. Larned also cites as reasons for retaining the programs at the hospital level the limited number of community-based treatment programs in western Kansas and the limited access indigent patients have to private substance abuse programs.

The Subcommittee further notes that, under the present disproportionate share formula, the Osawatomie Substance Abuse Treatment program would generate disproportionate share funding of \$2,341,690 and the Larned program would generate funding of \$1,915,663, for total disproportionate share funding of \$4,257,353.

3. The Subcommittee notes the concern expressed to some degree by the hospitals regarding increasing expenditures for pharmaceutical drugs. According to Larned officials, factors causing the increasing expenditures include not only increased pharmaceutical costs, but also an increase in the number of prescriptions written, attempts to comply with improved care standards, and a greater frequency of physically debilitated and chronic patients. The Subcommittee received detailed testimony from Larned State Hospital comparing pharmaceutical expenditures in January 1991 and January 1992. The Subcommittee notes that expenditures increased not only for antipsychotic and antidepressant medications, but also for anti-infectives and anti-virals (both due in part to an increase in the number of patients admitted with sexually transmitted diseases and more aggressive treatment of the diseases); hypertensives; antifungal agents; topical anti-bacterials, and skin creams and ointments (all used for skin treatments and for the treatment of acne in the adolescent population); and other medications.

The Subcommittee notes in more detail the precise steps taken at Larned to control expenditures in the Larned Subcommittee report. The Subcommittee recommends that all of the hospitals review the issue of drug utilization and report any findings and suggestions to the 1993 Legislature.

4. The Subcommittee reviewed the issue of fee fund collections at the state hospitals. The 1991 Legislature noted the issue of decreasing fee fund collections in its Subcommittee reports and stated that the reasons for diminished collections cited by the hospitals included a decreasing number of insured patients being admitted to the hospitals, insurance policies providing for a higher patient deductible than in the past, and the denial of claims by HMO review committees. The Subcommittee notes that the issue of admission precertification is also a factor affecting collections and further notes that more private pay patients are going to private hospitals rather than state hospitals, a trend which the Subcommittee anticipates will continue with the expansion of mental health reform. The Subcommittee was informed that SRS consulted with its legal staff regarding the possibility of taking legal action in some instances, but was advised against filing suit.

The Subcommittee notes that Mental Health and Retardation Services is preparing to solicit bids and negotiate a contract with a consultant for the purpose of determining whether Medicaid, Medicare, and third party insurer revenues can be increased at the state hospitals. The goal of the MHRS effort is to obtain the technical assistance required to expand third party reimbursement. The Subcommittee recommends that SRS continue with this process and report its progress to the House Subcommittee.

5. The Subcommittee recommends that a technical adjustment be made to the FY 1993 appropriations bill to allow SRS to conform with federal requirements regarding disproportionate share funding. 1992 S.B. 496 would make this same adjustment for FY 1992.

### **Senate Committee Recommendation**

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

### **Senate Committee of the Whole Recommendation**

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

### **House Subcommittee Recommendation**

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

1. The House Subcommittee reviewed the issue of Clozaril funding for the hospitals and concurs with the Senate recommendation, which provides the hospitals with FY 1993 funding equivalent to 75 percent of each hospital's request. The Subcommittee notes that these amounts should provide sufficient funding for the drug until this issue can be reviewed again by the 1993 Legislature. At that time, year to date spending for the drug can be reviewed. The possible impact of Clozaril use on other areas of the hospitals' budgets, such as reduced expenditures for other drugs or any reductions in the average length of stay or average daily census resulting from the use of the drug, should also be reviewed.
2. The Subcommittee concurs with the Senate recommendation restoring funding and FTE positions for Substance Abuse programs to the Osawatomie and Larned budgets. However, the Subcommittee recommends that SRS determine the feasibility, costs, and components of a community treatment program for individuals currently served by the hospital programs. The Subcommittee concludes that, if these persons can be served in a community setting, they should be served there rather than at the state hospitals. This plan should be included in the agency's FY 1994 budget submission. The Subcommittee notes that, although closure of the hospital programs would result in a loss of disproportionate share funding under the present disproportionate share formula, because of the current disproportionate share cap this loss could be diminished or eliminated if other operating costs of the hospitals increase.
3. The Subcommittee reviewed the issue of fee fund collections and received testimony regarding the progress of Mental Health and Retardation Services' efforts to negotiate a contract with a consultant for the purpose of increasing fee fund collections. SRS stated that it is pleased with the bids it has received to date and anticipates that a contract could be finalized soon. The Subcommittee notes that the consultant would be paid from a portion of any increase in fees collected.

The Subcommittee further notes that several insurance bills under consideration by the 1992 Legislature could have a limiting effect on insurance collections at

the state hospitals. The Subcommittee notes the issue of fee fund collections as a possible item for Omnibus review.

4. The Subcommittee requested a systemwide plan for enhanced security measures at the hospitals. The Subcommittee notes that the following proposals were submitted:

Larned State Hospital

1. Modification of Nursing Stations -- Dillon	\$ 50,000
2. Video Monitors	43,935
3. Security/Safety Personnel	40,000
4. Security Transportation	18,500
5 Full Staffing-Reduction of Shrinkage Rate	559,198
6. Metal Detectors	10,000
7. Rekeying State Security Hospital	150,000
TOTAL	<u>\$ 871,633</u>

Osawatomie State Hospital

1. Enhanced Staffing of Unit for District Court Referrals	\$ 103,242
2. Silent Alarm System	20,599
3. Replace Paging and/or On-Call System	15,000
4. Lock System Replacement	109,200
5. Upgrade Security Radio Equipment	21,770
6. Exterior Lighting Enhancement	36,500
7. Increased Parking	10,000
TOTAL	<u>\$ 316,311</u>

Rainbow Mental Health Facility

1. Enclosed Space Between Two Buildings	\$ 15,800
2. Key Replacement	4,100
3. Enhanced Personnel	110,460
TOTAL	<u>\$ 130,360</u>

Topeka State Hospital

1. Behavior Treatment Unit	\$ 1,181,273
2. Enhanced Security Staffing	116,813
3. Enhanced Exterior Lighting	259,700
4. Hospital-Wide Rekeying	77,367
5. Local Area Network (LAN)	77,177
TOTAL	<u>\$ 1,712,330</u>


The Subcommittee recommends that this issue be reviewed in terms of the programmatic needs of the hospitals and that these items be given additional review by hospital security staff, central office, and possibly by a security consultant. The Subcommittee recommends that SRS address any items found to be critical with a Governor's Budget Amendment request and that the issue be addressed as an Omnibus item.

5. The Subcommittee received testimony regarding turnover rates at each of the four hospitals. The Subcommittee recommends that SRS review the issue of turnover on a systemwide basis, using historical turnover data, and make a recommendation as to whether the turnover rates should be adjusted.
6. The Subcommittee received testimony regarding the efforts of Mental Health and Retardation Services (MHRS) to collaborate with the Kansas University Medical Center (KUMC), the medical school, Menninger, and other components of the private sector in utilizing the services of psychiatric residents at the state hospitals. The Subcommittee notes that Osawatomie currently utilizes the services of KUMC psychiatric residents and encourages KUMC and MHRS to work toward a systemwide program of this nature.
7. The Subcommittee was informed by Osawatomie and Larned officials that they have had difficulty in recruiting pharmacists and medical technologists at the hospitals because the pay range for these classified positions is significantly below that offered in the private sector. The Subcommittee recommends that legislation be introduced allowing the declassification of these positions at the mental health hospitals. The Subcommittee anticipates that this would allow the hospitals flexibility in recruiting persons for these critical positions.
8. The Subcommittee requested that MHRS provide projected FY 1994 through FY 1996 state hospital State General Fund expenditures, mental health reform SGF expenditures at the community mental health centers, and hospital average daily census estimates. The MHRS response is included as Attachment A at the conclusion of this report. The Subcommittee notes that modifications may be forthcoming following Subcommittee recommendations on the SRS budget and that further modifications may be made in Omnibus in response to Governor's Budget Amendment items.



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Representative Henry M. Helgerson, Jr.  
Subcommittee Chairperson



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Representative Gary H. Blumenthal



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Representative Duane Goossen



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Representative Sheila Hochhauser



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Representative Jo Ann Pottorff



**SUBCOMMITTEE REPORT**

Agency: Larned State Hospital

Bill No. 547

Bill Sec. 2

Analyst: Porter

Analysis Pg. No. 806

Budget Page No. 408

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Governor's Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 21,361,563	\$ 20,900,953	\$ 12,359
General Fees Fund	1,406,384	1,406,384	--
Title XIX Fund	7,995,357	7,995,357	--
Federal Education Funds	102,813	102,813	--
Subtotal	<u>\$ 30,866,117</u>	<u>\$ 30,405,507</u>	<u>\$ 12,359</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	\$ 500,716	\$ 445,796	\$ --
Grand Total	<u>\$ 31,366,833</u>	<u>\$ 30,851,303</u>	<u>\$ 12,359</u>
FTE Positions	926.1	926.1	--
Average Daily Census	542	542	--

**Agency Estimate/Governor's Recommendation**

Larned State Hospital estimates FY 1992 operating expenditures of \$30,866,117, an increase of \$218,745 above the \$30,647,372 appropriated by the 1991 Legislature, as adjusted by Finance Council action. State General Fund financing of \$21,361,563 is the currently approved amount. The estimated increase of \$218,745 restores the 1 percent State General Fund reduction of \$215,773 and also includes \$2,972 in additional federal education funds available to the agency. The remainder of the increase is financed from federal Title XIX funds. The hospital also estimates a \$144,318 reduction to the hospital fee fund expenditure limitation with a corresponding Title XIX fund expenditure limitation increase. The total Title XIX fee fund expenditure limitation is an increase of \$360,091 above the amount approved by the 1991 Legislature. The agency reported FY 1991 fee fund collections below the level of previous years and anticipates that this trend will continue. The 1991 Legislature approved no-limit appropriations for the federal education funds, which are received by each of the four state mental health hospitals. The increase in federal Title XIX financing is due to the availability of increased disproportionate share financing.

While the entire hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), 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.

*HA  
3-27-92  
Attachment 6*

The 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 FY 1992 funding of \$30,405,507, a reduction of \$460,610 (all SGF) from the agency estimate. Reductions are recommended from the agency estimates for salaries and wages (\$425,670), of which \$171,759 reflects lower health insurance rates, contractual services (\$9,789), and commodities (\$25,151).

### **Senate Subcommittee Recommendations**

The Subcommittee concurs with the Governor's recommendations with the following observation:

1. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 15, which adds \$12,359 from the State General Fund to reflect a correction in the amount recommended for health insurance costs.
2. The Subcommittee notes that the Governor's recommendation for FY 1992 reflects a reduction of \$73,078 from the approved budget, excluding the adjustment for employee health insurance and a slight increase in federal education funds. Hospital officials stated that the hospital would be able to stay within budget, due in large part to increased turnover savings generated by hospital employees leaving the hospital to accept positions at the new Larned Correctional Mental Health Facility. Through January 1992, a total of 46 Larned employees accepted positions at the new facility. Those 46 employees hired by the correctional facility had an average length of experience of 6.26 years, and were considered experienced and valuable mental health staff. The Subcommittee received information from SRS indicating that correctional employee classes receive salaries from one to five pay ranges above comparable SRS employee classes. The total cost of implementing a pay range adjustment to address this issue at all mental health, mental retardation, and youth center facilities is estimated to be \$2,325,170.

### **Senate Committee Recommendation**

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


### **Senate Committee of the Whole Recommendation**

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 12,359	\$ 20,913,312	\$ --
General Fees Fund	--	1,406,384	--
Title XIX Fund	--	7,995,357	--
Federal Education Funds	--	102,813	--
Subtotal	<u>\$ 12,359</u>	<u>\$ 30,417,866</u>	<u>\$ --</u>
Capital Improvements:			
State Institutions Bldg. Fund	\$ --	\$ 445,796	\$ --
Grand Total	<u>\$ 12,359</u>	<u>\$ 30,863,662</u>	<u>\$ --</u>
FTE Positions	--	926.1	--


**House Subcommittee Recommendation**

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

  
 Representative Henry M. Helgerson, Jr.  
 Subcommittee Chairperson

  
 Representative Gary H. Blumenthal

  
 Representative Duane Goossen

  
 Representative Sheila Hochhauser

  
 Representative Jo Ann Pottorff

**SUBCOMMITTEE REPORT**

**Agency:** Larned State Hospital

**Bill No.** 507

**Bill Sec.** 4

**Analyst:** Porter

**Analysis Pg. No.** 806

**Budget Page No.** 408

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Governor's Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 23,120,320	\$ 20,481,786	\$ 619,213
General Fees Fund	1,473,810	1,384,700	53,648
Title XIX Fund	8,688,362	8,688,362	339,140
Federal Education Funds	102,813	102,813	--
Subtotal	<u>\$ 33,385,305</u>	<u>\$ 30,657,661</u>	<u>\$ 1,012,001</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	\$ 1,456,300	\$ 739,800	--
Grand Total	<u>\$ 34,841,605</u>	<u>\$ 31,397,461</u>	<u>\$ 1,012,001</u>
FTE Positions	967.1	903.6	23.5
Average Daily Census	542	522	20

**Agency Request/Governor's Recommendation**

The agency requests an FY 1993 operating budget of \$33,385,305, an increase of \$2,737,933, or 8.2 percent, over the FY 1992 estimate. Of the increase, \$2,009,620, or 73.4 percent, is attributable to salaries and wages. The hospital requests 41 new positions. Of the total, 29 (20 Licensed Mental Health Technicians and 9 Mental Health Aides) are requested only if the decision is made to pursue HCFA certification for the entire hospital. Two positions (a Baker and a Laundry Worker) are associated with the anticipation of increased workloads resulting from the opening of the Larned Correctional Mental Health Facility in January 1992. The hospital will provide food and laundry service for the correctional facility. Four positions (a Social Service Administrator I, Vocational Instructor, Secretary I, and Social Worker I) are requested for the Youth Center at Larned (YCAL). The hospital also requests a secretary I for the Eisenhower Adult Treatment Center, a Secretary I for the infection control program, 2 General Maintenance and Repair Technicians, and 2 Utility Workers.

The Governor's FY 1993 recommendation of \$30,657,661 is a reduction of \$2,727,644 (\$2,638,534 SGF and \$89,111 fee fund) from the agency request. The recommendation includes the elimination of the 20-bed, 30-day inpatient Substance Abuse treatment program. In conjunction with closing the Larned Substance Abuse program and the Osawatomie State Hospital 45-bed Substance Abuse program, the Governor recommends that a total of \$1,210,000 be transferred from the State General Fund to the SRS Alcohol and Drug Abuse Services (ADAS) program "to begin community-based treatment programs in Osawatomie and Larned." A total of \$781,506 and 23.5 FTE positions were requested for the program in FY 1993. The hospital estimates the Substance Abuse program

would generate fee fund receipts of \$53,847 in FY 1993 and \$1,195,663 in federal disproportionate share funds. Beginning in FY 1995, SRS Title XIX receipts would reflect this loss of disproportionate share funding. Other reductions included in the FY 1993 recommendation include contractual services (\$76,705), commodities (a net reduction of \$180,139), and capital outlay (\$191,482).

### Senate Subcommittee Recommendations

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

1. Add \$764,199 (\$513,161 SGF, \$197,390 Title XIX, and \$53,648 from the fee fund) and 23.5 FTE positions to restore the Substance Abuse Treatment program to the hospital budget.
2. Add \$141,750 from Title XIX funds for Clozaril in FY 1993. The recommended funding reflects 75 percent of the Hospital's request of \$189,000 for the drug.
3. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 13, which adds \$93,083 from the State General Fund to allow the hospital to purchase food for the Larned Correctional Mental Health Facility. Food for the facility is prepared by the hospital staff and transported to the Correctional Facility. The amendment would provide the funding intended by the Governor for both the hospital and the Correctional Facility. The Subcommittee recommends that the House further review this item.
4. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 15, which adds \$12,969 from the State General Fund to reflect a correction in the amount recommended for health insurance costs.
5. The Subcommittee was informed that the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) noted in its last survey of Larned State Hospital in July 1991 that the security program buildings (Dillon and Jung buildings) were too much like a prison, rather than a hospital, in their physical appearance. JCAHO dictated that the hospital make various changes to enhance the therapeutic environment. Specific objections included locked doors, enclosed nursing stations, and the failure to allow patients some amount of direct physical contact with visitors.

The hospital has taken steps to implement some changes, such as allowing unlocked doors under certain circumstances and modifying some physical restrictions during visitations. During the JCAHO focused survey in March, 1992, the hospital's plan for corrections will be reviewed. The Subcommittee was informed that, if JCAHO is not satisfied with the current plan, the hospital may have to request funding for additional physical changes and for additional staffing necessitated by the requirements of open nursing stations and additional unlocked doors.

6. The Subcommittee notes that the hospital requested restoration of the \$42,839 reduction from its request for pharmaceutical drugs other than Clozaril

recommended by the Governor. The Subcommittee notes that the hospital has taken measures over the past two years to control drug costs, including unit dose packaging, writing prescriptions for shorter durations of time, using generic drugs whenever possible, and purchasing from the state contract. The Subcommittee further notes that the hospital is considering the following additional actions to further reduce costs:

- a. closing the hospital formulary, which would result in the utilization of existing inventory and eliminate outside ordering of drugs unless indicated;
- b. initiating therapeutic substitution, which would mean using first generation and less expensive drugs as first line therapy; and
- c. conducting a review of tablet and capsule prescriptions with a goal of using less concentrates.

The Subcommittee recognizes that the hospital may well experience a funding shortfall in the amount budgeted for pharmaceutical drugs in FY 1993, as well the shortfall projected for FY 1992, but encourages the hospital to continue implementing cost reduction measures.

7. The Subcommittee notes that a Governor's Budget Amendment item is pending concerning the hospital's capital improvement request for renovation of the hospital's dietary facilities. The Governor's recommendation includes FY 1993 funding of \$630,000 from the State Institutions Building Fund (SIBF) to begin renovations. The amendment would add FY 1994 SIBF funding of \$750,000 and FY 1995 SIBF funding of \$750,000 to complete the project, for a total project cost of \$2,130,000. The Subcommittee recommends that this item be reviewed by the Joint Committee on State Building Construction.

#### **Senate Subcommittee on Capital Improvements (S.B. 494)**

The Senate Subcommittee on Capital Improvements concurs with the recommendations of the Senate Subcommittee with the following adjustments:

1. Add \$20,000 from the SIBF and authorize the agency to raze the sewage disposal plant and the old bakery addition to the volunteer building in addition to the razing projects recommended by the Governor. This item was not addressed by the Joint Committee on State Building Construction.
2. Concur with GBA No. 1, Item 14, which would amend S.B. 494 to add FY 1994 funding of \$750,000 and FY 1995 funding of \$750,000 to complete the remodeling of the dietary facilities. This amendment was also recommended by the Joint Committee on State Building Construction.

### Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Senate Subcommittees with the following adjustments:

1. Delete \$659,215 (\$442,620 SGF, \$186,821 Title XIX, and \$29,774 fee fund) in FY 1993 recommended by the Governor for step increases, longevity, and unclassified merit.
2. The Committee recommends that an interim study address the issue of the Larned Special Security program, including the amount of disproportionate share funding generated by the program, the physical modifications to the Dillon building required by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and the costs of retaining certification for the program.

### Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 93</u>	<u>Senate Rec. FY 93</u>	<u>House Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 176,593	\$ 20,658,379	\$ 459,807
General Fees Fund	23,874	1,408,574	29,774
Title XIX Fund	152,319	8,840,681	186,821
Federal Education Funds	--	102,813	--
Subtotal	<u>\$ 352,786</u>	<u>\$ 31,010,447</u>	<u>\$ 676,402</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	\$ 20,000	\$ 759,800	--
Grand Total	<u>\$ 372,786</u>	<u>\$ 31,770,247</u>	<u>\$ 676,402</u>
FTE Positions	20.0	927.1	--

### House Subcommittee Recommendation

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

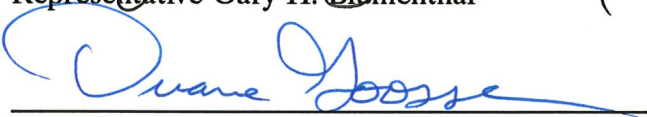
1. Add \$17,187 from the State General Fund for clothing for Youth Center at Larned (YCAL) residents. The House Subcommittee which reviewed the youth center budgets recommended that \$137,500 of the amount budgeted for the foster care clothing allowance be deleted from the SRS Foster Care Program and that

this funding be added to the youth center budgets for clothing for youth center residents.

2. Restore \$659,215 (\$442,620 SGF, \$29,774 fee fund, and \$186,821 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.
3. The Subcommittee received testimony regarding the cost of attempting to achieve Health Care Financing Administration (HCFA) certification for the entire hospital and projected fees which would be generated by certification. Currently, only the four units of the hospital which generate the majority of Medicaid and Medicare funding are certified. The Subcommittee notes that this issue has not been reviewed fully by MHRS and recommends that the agency address this issue in its FY 1994 budget submission.
4. As requested by the Senate Subcommittee, the Subcommittee reviewed Governor's Budget Amendment No. 1, Item 13, which adds \$93,083 from the State General Fund to allow the hospital to purchase food for the Larned Correctional Mental Health Facility. The Subcommittee notes that the hospital did not appeal this amendment and concurs with the Senate's decision to add this funding.
5. Delete \$20,000 from the SIBF added by the Senate Subcommittee on capital improvements in S.B. 494 for razing projects in FY 1993 and concur with the items and amount recommended by the Governor for razing projects.

  
 Representative Henry M. Helgerson, Jr.  
 Subcommittee Chairperson

  
 Representative Gary H. Blumenthal

  
 Representative Duane Goossen

  
 Representative Sheila Hochhauser

  
 Representative Jo Ann Pottorff



## SUBCOMMITTEE REPORT

Agency: Osawatomi State Hospital

Bill No. 547

Bill Sec. 2

Analyst: Porter

Analysis Pg. No. 819

Budget Page No. 448

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 12,251,746	\$ 12,052,145	\$ --
General Fees Fund	1,951,610	1,951,610	--
Title XIX Fund	7,047,097	7,047,097	--
Federal Education Funds	51,829	51,829	--
Subtotal	<u>\$ 21,302,282</u>	<u>\$ 21,102,681</u>	<u>\$ --</u>
Capital Improvements:			
State Institutions Bldg. Fund	161,492	150,797	--
<b>GRAND TOTAL</b>	<u><u>\$ 21,463,774</u></u>	<u><u>\$ 21,253,478</u></u>	<u><u>\$ --</u></u>
FTE Positions	640.5	640.5	--
Average Daily Census	305	305	--

### Agency Estimate/Governor's Recommendation

Osawatomi State Hospital requests a total FY 1992 operating budget of \$21,302,282, an increase of \$122,169 above the amount approved by the 1991 Legislature, as adjusted by Finance Council action. State General Fund financing of \$12,251,746 is as approved. Federal Title XIX financing of \$7,047,097 is an increase of \$123,756 above the amount approved by the 1991 Legislature. The Title XIX increase corresponds to the amount of the 1 percent State General Fund reduction of \$123,756. Fee fund financing of \$1,951,610 is as approved by the 1991 Legislature and federal education funds financing of \$51,829 is a reduction of \$1,587 from the amount approved by the 1991 Legislature. Osawatomi is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), certified by the Health Care Financing Administration (HCFA), and may receive payments from the Medicare and Medicaid programs. The FY 1992 budget includes funding for 640.5 FTE positions. As a part of mental health reform legislation enacted by the 1990 Legislature, the hospital's capacity will be decreased by 20 adolescent psychiatric beds before the end of FY 1992.

The Governor recommends FY 1992 state operations expenditures of \$21,102,681, a reduction of \$199,601 (all SGF) from the agency estimate. Reductions are recommended from the estimates for salaries and wages (\$153,911, of which \$113,361 is a downward adjustment for the cost of employee health insurance), contractual services (\$14,045), and commodities (\$31,645).

*HA*  
*3-27-92*  
*Attachment 7*

**Senate Subcommittee Recommendation**

The Subcommittee concurs with the recommendations of the Governor.

**Senate Committee Recommendation**

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

**Senate Committee of the Whole Recommendation**

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ --	\$ 12,052,145	\$ (1,230,535)
General Fees Fund	--	1,951,610	1,230,535
Title XIX Fund	--	7,047,097	--
Federal Education Funds	--	51,829	--
Subtotal	<u>\$ --</u>	<u>\$ 21,102,681</u>	<u>\$ 0</u>
Capital Improvements:			
State Institutions Bldg. Fund	--	150,797	--
GRAND TOTAL	<u><u>\$ --</u></u>	<u><u>\$ 21,253,478</u></u>	<u><u>\$ 0</u></u>
FTE Positions	--	640.5	--

**House Subcommittee Recommendation**

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

1. Delete \$1,230,535 SGF and increase the hospital fee fund expenditure limitation by the same amount. The Subcommittee notes that Osawatomie has received a settlement from Medicare in the amount of \$1,230,535 for services rendered in FY 1989. The hospital anticipates an additional settlement for FY 1990.


The Subcommittee commends the Osawatomie State Hospital accountant Dan Mufich, the hospital reimbursement staff, and Superintendent Norma Stephens for their efforts in aggressively pursuing this reimbursement for over two years.

  
\_\_\_\_\_  
Representative Henry M. Helgerson, Jr.  
Subcommittee Chairperson

  
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Representative Gary H. Blumenthal

  
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Representative Duane Goossen

  
\_\_\_\_\_  
Representative Sheila Hochhauser

  
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Representative Jo Ann Pottorff

**SUBCOMMITTEE REPORT**

**Agency:** Osawatomi State Hospital

**Bill No.** 507

**Bill Sec.** 5

**Analyst:** Porter

**Analysis Pg. No.** 819

**Budget Page No.** 448

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 12,309,388	\$ 10,256,640	\$ 758,166
General Fees Fund	1,722,600	1,555,964	193,239
Title XIX Fund	8,120,762	8,120,762	305,528
Federal Education Funds	47,254	47,254	--
Subtotal	<u>\$ 22,200,004</u>	<u>\$ 19,980,620</u>	<u>\$ 1,256,933</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	67,400	67,400	--
<b>GRAND TOTAL</b>	<u><u>\$ 22,267,404</u></u>	<u><u>\$ 20,048,020</u></u>	<u><u>\$ 1,256,933</u></u>
 FTE Positions	 631.5	 583.5	 37.0
Average Daily Census	292	254	38

**Agency Request/Governor's Recommendation**

The hospital requests a total operating budget of \$22,200,004 in FY 1993, an increase of \$897,722, or 4.2 percent, above the FY 1992 estimate. Of the increase, \$518,667, or 57.8 percent, is attributable to salaries and wages, and 202,947, or 22.6 percent, is attributable to capital outlay. The request includes funding for 631.5 FTE positions, which reflects the deletion of 20.0 FTE positions associated with the 20 bed adolescent unit closed in FY 1992 and a request for 11.0 new FTE positions. New positions requested include two Registered Nurses (RNs), three Mental Health Aides, one Physician Specialist, one Occupational Therapist II, one Activity Therapist II, and two Activity Therapists I, who would act as interpreters for hearing impaired persons. As in FY 1992, FY 1993 financing requested from Title XIX includes disproportionate share money, which is the result of a change in federal Medicaid law effective July 1, 1988, allowing extra Medicaid payments to hospitals serving a disproportionate number of Medicaid and low-income patients. The hospital's bed capacity will be decreased by an additional 20 to 30 adult psychiatric beds by the end of FY 1993 in compliance with Sub. H.B. 2586, the mental health reform legislation passed by the 1990 Legislature.

The Governor's FY 1993 recommendation for state operations is \$19,980,620, a reduction of \$2,219,384 (\$2,052,748 SGF and \$166,636 fee fund) from the agency request. The recommendation includes the elimination of the 45-bed, 28-day inpatient Substance Abuse treatment program. In conjunction with closing the Osawatomi State Hospital Substance Abuse treatment program and the Larned State Hospital 20-bed Substance Abuse treatment program, the Governor recommends that a total of \$1,210,000 be transferred from the State General Fund to the SRS Alcohol and Drug Abuse Services (ADAS) program "to begin community-based treatment programs

in Osawatomie and Larned." A total of \$1,165,496 (\$998,860 SGF and \$166,636 fee fund) and 37.0 FTE positions were requested for the program in FY 1993. In addition to the fees noted, SRS estimates that the Substance Abuse program would generate \$2,341,690 in federal disproportionate share funds in FY 1993. Beginning in FY 1995, SRS Title XIX receipts would reflect this loss of disproportionate share funding.

Other reductions included in the FY 1993 recommendation include other salaries and wages (\$607,317), contractual services (\$158,004) commodities (\$84,188), and capital outlay (\$205,884).

### Senate Subcommittee Recommendation

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

1. Add \$1,158,106 (\$696,839 SGF, \$268,028 Title XIX, and \$193,239 from the fee fund) and 37.0 FTE positions to restore the Substance Abuse Treatment program to the hospital budget.
2. Add \$41,327 from the State General Fund for the FY 1993 school contract. The recommended funding would place the school contract in the position it appears was intended by the Governor, which is a continuation of the FY 1992 funding level with no teacher salary increase from FY 1992 to FY 1993.
3. Add \$37,500 from Title XIX funds for Clozaril in FY 1993. The recommended funding reflects 75 percent of the hospital's request of \$50,000 for the drug.
4. Add \$20,000 from the State General Fund to continue the hospital's residency training program. Beginning in FY 1989, the hospital has paid for University of Kansas Medical School residents who work at Osawatomie as a part of their residency training. The program provides additional professional staffing for the hospital and medical training for the participating residents. The hospital had requested \$20,000 to continue the program at its present level and an additional \$80,000 to expand the program in FY 1993. The Subcommittee recommends continuation of the program at the current level and recommends that the hospital report on the progress of the program to the 1993 Legislature.
5. The Subcommittee notes that the hospital requested an additional Physician Specialist position to provide weekend, night, and holiday relief for existing medical staff. The Subcommittee notes that, in reducing the 6.0 FTE positions recommended by the 1991 Legislature, the hospital eliminated a .5 FTE physician position which had been utilized as a part of the hospital's traveling team. The hospital stated that, with the implementation of mental health reform and the associated increase in community services, census reduction could occur without the efforts of the traveling team. The hospital also cited monetary reasons and the difficulty in recruiting a half-time position as reasons for eliminating the position.

Although the Subcommittee does not recommend the additional position at this time, the Subcommittee notes that it received a report from hospital officials which indicated that, when a ward is without a physician for even a short time, patient census increases. The Subcommittee recommends that the hospital monitor this situation for an additional year and report to the 1993 Legislature the effect on patient treatment and management.

6. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 16, which makes a technical adjustment to correct Section 7(a) of 1992 S.B. 494 to reflect the amount intended by the Governor for construction of an outdoor activity area for the hospital. Although the Governor recommends funding of \$67,400 from the SIBF for the project, the amount included in the bill is \$61,700. This is a correction to the bill and does not affect recommended expenditures.

#### **Senate Subcommittee and Capital Improvements (S.B. 494)**

The Senate Subcommittee on capital improvements concurs with the recommendation of the Senate Subcommittee with the following adjustment:

1. Delete \$24,500 from the SIBF for the hospital's FY 1993 capital improvement project, which is to construct two outdoor activity areas at the hospital. The Committee was informed that this project could be accomplished for \$37,200, rather than the \$61,700 recommended by the Governor, through the use of inmate labor (S.B. 494). This reduction was recommended by the Joint Committee on State Building Construction.

#### **Senate Committee Recommendation**

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

1. Delete \$415,857 (\$214,458 SGF, \$32,395 fee fund, and \$169,004 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.

#### **Senate Committee of the Whole Recommendation**


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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 93</u>	<u>Senate Rec. FY 93</u>	<u>House Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 543,708	\$ 10,800,348	\$ 214,458
General Fees Fund	160,844	1,716,808	32,395
Title XIX Fund	136,524	8,257,286	169,004
Federal Education Funds	--	47,254	--
Subtotal	<u>\$ 841,076</u>	<u>\$ 20,821,696</u>	<u>\$ 415,857</u>
<b>Capital Improvements:</b>			
State Institutions Bldg. Fund	(24,500)	37,200	--
<b>GRAND TOTAL</b>	<u><u>\$ 816,576</u></u>	<u><u>\$ 20,858,896</u></u>	<u><u>\$ 415,857</u></u>
 FTE Positions	 37	 620.5	 --

### House Subcommittee Recommendation

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

1. Restore \$415,857 (\$214,458 SGF, \$32,395 fee fund, and \$169,004 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.
2. The Subcommittee recommends that the agency request for an additional physician be reviewed as a Governor's Budget Amendment item and that this be considered as an Omnibus item.

  
 Representative Henry M. Helgerson, Jr.  
 Subcommittee Chairperson

  
 Representative Gary H. Blumenthal

  
 Representative Duane Goossen

  
 Representative Sheila Hochhauser

  
 Representative Jo Ann Pottorff

## SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility      Bill No. 547      Bill Sec. 4

Analyst: Porter      Analysis Pg. No. 845      Budget Page No. 470

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,586,424	\$ 1,617,418	\$ 7,500
General Fees Fund	305,820	305,820	--
Title XIX Fund	2,877,105	2,877,105	--
Other Funds	37,880	37,880	--
Subtotal -- State Operations	<u>\$ 4,807,229</u>	<u>\$ 4,838,223</u>	<u>\$ 7,500</u>
Capital Improvements:			
State Institutions Bldg. Fund	145,260	93,585	--
GRAND TOTAL	<u><u>\$ 4,952,489</u></u>	<u><u>\$ 4,931,808</u></u>	<u><u>\$ 7,500</u></u>
FTE Positions	122	122	--
Average Daily Census Inpatient	48	48	--

### Agency Estimate/Governor's Recommendation

Rainbow Mental Health Facility estimates FY 1992 state expenditures of \$4,807,229, an increase of \$31,882 above the amount approved by the 1991 Legislature, as adjusted by Finance Council action. The estimated increase of \$31,882 restores the 1 percent State General Fund reduction of \$16,024 and also includes \$15,858 in additional federal education funds available to the agency. The remainder of the increase is financed from federal Title XIX funds. The fee fund expenditure limitation is decreased by \$19,783 from the approved amount of \$325,603, with a corresponding increase to the Title XIX fund expenditure limitation. The budget includes financing for 122.0 FTE positions. Funding includes \$1,586,424 from the State General Fund, \$305,820 from Rainbow's fee fund, \$2,877,105 from Title XIX, and \$37,880 from federal Chapter I education funds. The FY 1992 estimate is an increase of \$187,838, or 4.0 percent, above the FY 1991 actual expenditures for state operations of \$4,619,391. An additional \$48,315 from federal oil overcharge funds was expended in FY 1991 to buy vehicles for the facility.

The Governor recommends FY 1992 expenditures of \$4,838,223, an increase of \$30,994 (all SGF) above the agency estimate. The recommendation includes a downward adjustment for the cost of employee health insurance and would allow for turnover savings of \$197,979, or 5.0 percent, a reduction from the \$275,695, or 6.9 percent, included in the agency estimate. The recommendation reflects a net increase to salaries and wages of \$56,305 and reductions of \$14,419 from the estimate for contractual services and \$10,894 from commodities.

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Attachment 8*



### Senate Subcommittee Recommendation

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

1. Add \$7,500 from the State General Fund to allow the facility to pay the University of Kansas Medical Center for emergency room medical screenings performed on patients admitted to Rainbow. Although KU Medical Center has performed these screenings for Rainbow in the past at no cost to the mental health facility, Rainbow was informed that KU could no longer continue to provide this service without reimbursement.
2. The agency requested supplemental funding of \$5,619 for salaries and wages and \$25,313 for operating expenditures. The Subcommittee notes, however, that the Governor's recommendation includes a net increase of \$56,305 to salaries and wages above the approved amount, and does not recommend additional funding.

### Senate Committee Recommendation

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

### Senate Committee of the Whole Recommendation

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

<u>Expenditure Summary</u>	<u>Senate Adj. FY 92</u>	<u>Senate Rec. FY 92</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,500	\$ 1,624,918	\$ --
General Fees Fund	--	305,820	--
Title XIX Fund	--	2,877,105	--
Other Funds	--	37,880	--
Subtotal -- State Operations	<u>\$ 7,500</u>	<u>\$ 4,845,723</u>	<u>\$ --</u>
Capital Improvements:			
State Institutions Bldg. Fund	--	93,585	--
GRAND TOTAL	<u><u>\$ 7,500</u></u>	<u><u>\$ 4,939,308</u></u>	<u><u>\$ --</u></u>
FTE Positions	--	122	

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate Committee of the Whole with the following observation and adjustment:

1. The Subcommittee notes that the agency requested supplemental funding of \$5,619 for salaries and wages and \$25,313 for operating expenses. The Subcommittee recommends that the agency request a Governor's Budget Amendment on this issue and recommends that this issue be considered as an Omnibus item.
2. Make a technical adjustment to the appropriations bill to reflect the recommendation of the Senate.




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Representative Henry M. Helgerson, Jr.  
Subcommittee Chairperson




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Representative Gary H. Blumenthal




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Representative Duane Goossen




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Representative Sheila Hochhauser




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Representative Jo Ann Pottorff

## SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility      Bill No. 507      Bill Sec. 7

Analyst: Porter      Analysis Pg. No. 845      Budget Page No. 470

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 1,928,155	\$ 1,641,984	\$ 7,500
General Fees Fund	234,115	234,115	--
Title XIX Fund	3,001,339	3,001,339	--
Other Funds	37,880	37,880	--
Subtotal -- State Operations	<u>\$ 5,201,489</u>	<u>\$ 4,915,318</u>	<u>\$ 7,500</u>
Capital Improvements:			
State Institutions Bldg. Fund	0	0	--
GRAND TOTAL	<u><u>\$ 5,201,489</u></u>	<u><u>\$ 4,915,318</u></u>	<u><u>\$ 7,500</u></u>
 FTE Positions	 126	 122	 --
Average Daily Census Inpatient	48	48	--

### Agency Request/Governor's Recommendation

Rainbow requests an operating budget of \$5,201,489, an increase of \$394,260, or 8.2 percent, above the FY 1992 estimate. Of the increase, 74.4 percent is attributable to salaries and wages, 9.1 percent to the education contract, 8.2 percent to capital outlay, and 8.4 percent to other areas of the budget. The funding request includes \$1,928,155 from the State General Fund, \$234,115 from the facility's fee fund, \$3,001,339 from Title XIX, and \$37,880 from federal Chapter I education funds. The request reflects continuation of all existing programs and the addition of 4.0 FTE positions.

For FY 1993 the Governor recommends expenditures of \$4,915,318, a reduction of \$286,171 (all SGF) from the agency request. The Governor does not recommend the additional 4.0 FTE positions requested by the agency. Reductions are recommended from the requests for salaries and wages (\$170,158), contractual services (\$62,316), commodities (\$21,482), and capital outlay (\$32,215).

### Senate Subcommittee Recommendation

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

1. The Subcommittee notes that the agency requested that its FY 1993 fee fund receipts estimate be adjusted downward by \$23,733 and that State General Fund financing in that same amount be substituted for the fee fund financing. The agency states that it does not now anticipate the 11.2 percent growth in fee fund receipts it originally estimated from FY 1992 to FY 1993. The Subcommittee recommends that the issue of fee fund receipts be considered by the House Subcommittee to determine if year-to-date receipts have improved.
2. As in FY 1992, add \$7,500 from the State General Fund to allow the hospital to pay the University of Kansas Medical Center for medical screenings.

### Senate Committee Recommendation

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

1. Delete \$71,381 (\$24,395 SGF, \$3,400 fee fund, and \$43,586 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.

### Senate Committee of the Whole Recommendation

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

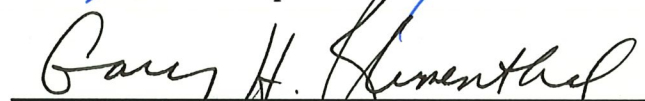
<u>Expenditure Summary</u>	<u>Senate Adj. FY 93</u>	<u>Senate Rec. FY 93</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ (16,895)	\$ 1,625,089	\$ 24,395
General Fees Fund	(3,400)	230,715	3,400
Title XIX Fund	(43,586)	2,957,753	43,586
Other Funds	--	37,880	--
Subtotal -- State Operations	<u>\$ (63,881)</u>	<u>\$ 4,851,437</u>	<u>\$ 71,381</u>
Capital Improvements:			
State Institutions Bldg. Fund	0	0	--
GRAND TOTAL	<u><u>\$ (63,881)</u></u>	<u><u>\$ 4,851,437</u></u>	<u><u>\$ 71,381</u></u>
FTE Positions	--	122	--

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate Committee of the Whole with the following observation and adjustment:


1. The Subcommittee notes that the agency requested supplemental funding of \$24,358 for salaries and wages and \$27,149 for operating expenses. The Subcommittee recommends that the agency request a Governor's Budget Amendment on this issue and recommends that this issue be considered as an Omnibus item.
2. Restore \$71,381 (\$24,395 SGF, \$3,400 fee fund, and \$43,586 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.
3. As requested by the Senate, the Subcommittee reviewed the issue of fee fund collections. Rainbow's projected FY 1993 fee fund shortfall of \$23,733 remains unchanged from the time of the Senate appeal. The Subcommittee recommends that this issue be addressed in the agency's FY 1994 budget submission.

  
 Representative Henry M. Helgerson, Jr.  
 Subcommittee Chairperson

  
 Representative Gary H. Blumenthal

  
 Representative Duane Goossen

  
 Representative Sheila Hochhauser

  
 Representative Jo Ann Pottorff

**SUBCOMMITTEE REPORT**

Agency: Topeka State Hospital

Bill No. 547

Bill Sec. 5

Analyst: Porter

Analysis Pg. No. 854

Budget Page No. 560

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Governor's Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 9,019,249	\$ 8,823,594	\$ 175,000
General Fees Fund	4,658,481	4,658,481	(175,000)
Title XIX Fund	7,759,714	7,759,714	--
Federal Educ. Funds	100,818	100,818	--
Subtotal	<u>\$ 21,538,262</u>	<u>\$ 21,342,607</u>	<u>\$ 0</u>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	1,877	277	--
Topeka State Hospital Rehab. & Repair Fund	151,646	151,646	--
<b>GRAND TOTAL</b>	<u><u>\$ 21,691,785</u></u>	<u><u>\$ 21,494,530</u></u>	<u><u>\$ 0</u></u>
 FTE Positions	 655.7	 649.7	 --
Average Daily Census	296	270	--

**Agency Estimate/Governor's Recommendation**

Topeka State Hospital estimates FY 1992 expenditures of \$21,538,262, the amount currently authorized. The hospital requests funding for a total of 655.7 FTE positions, an increase of 6.0 positions above the total of 649.7 FTE approved. The position limitation is decreased to 605.7 on June 30, 1992, and the budget contains funding to support the 44.0 FTE positions which are being eliminated for only a portion of the fiscal year. Four of the positions eliminated were employed by the hospital's laboratory, which was closed effective September 1, 1991. Laboratory services are now provided through a contract with a local private laboratory.

Funding includes \$9,019,249 from the State General Fund, as approved. The amount requested from the hospital fee fund, \$4,658,481, is a reduction of \$134,164 from the approved amount. The agency estimate of \$7,759,714 from federal Title XIX funds is an increase of \$225,268 above the approved amount, and would restore the one percent SGF reduction resulting from State Finance Council action (\$91,104) and offset the reduction estimated from the hospital fee fund. Federal Chapter 1 funding of \$100,818 is as approved. The Title XIX amount includes disproportionate share money, which is the result of a change in federal Medicaid law effective July 1, 1988, which allows increased Medicaid payments to hospitals serving a disproportionate number of low-income patients. In addition to the above amounts for state operations, the hospital estimates FY 1992 expenditures of \$151,646 from the Topeka State Hospital Rental Property Rehabilitation and Repair fund, also as authorized by the 1991 Legislature. The fund was created by the 1991

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Attachment 9*

Legislature to allow the hospital to spend a portion of the rent paid to it to finance repair work done to the hospital buildings rented by various components of Social and Rehabilitation Services.

Topeka State Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and certified by the Health Care Financing Administration (HCFA) and currently is eligible to receive full Medicare and Medicaid payments. The hospital estimates an average daily census (ADC) of 296 in FY 1992. The actual ADC in FY 1991 was 299.

The Governor recommends FY 1992 expenditures of \$21,342,607, a reduction of \$195,655 (all SGF) from the agency estimate. Of the reduction, \$96,919 is a downward adjustment for the cost of employee health insurance, \$46,500 is a net reduction from the estimate for salaries and wages, and \$52,236 is a reduction from the estimate for outside hospitalizations. The Governor does not recommend increasing the FTE position limitation, as estimated by the agency. The Governor concurs with the estimated expenditures of \$151,646 from the Rental Property Rehabilitation and Repair fund. An ADC of 270 is recommended for FY 1992, a reduction of 26 from the ADC estimated by the agency.

### Senate Subcommittee Recommendations

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

1. The Subcommittee was informed that the hospital anticipates a fee fund shortfall of \$270,722 in FY 1992. Although the decreased insurance collections experienced in FY 1992 were taken into account in estimating FY 1992 fee fund receipts, the hospital notes that the number of insurance companies requiring precertification before admission to the hospital continues to increase. The major factor in the revenue shortfall, however, is a reduction in the daily rate paid by Medicare, which was reduced from \$202 to \$176. Because Larned State Hospital and Osawatomie State Hospital had been in overpayment situations with the Medicare program, federal officials determined that the Topeka State daily rate should be reduced to prevent overpayments to Topeka State. Hospital officials anticipate that a Medicare settlement will eventually be achieved, but that the payment will not be received in FY 1992. It is anticipated that an interim settlement will be received during FY 1993 and a final settlement will be received in FY 1994.

The Subcommittee recommends that \$175,000 of the shortfall be alleviated with an increase in State General Fund financing and a corresponding decrease in the fee fund expenditure limitation. The majority of this amount (\$100,000) would allow the hospital to fund a direct care trainee course which the hospital has delayed because of the fee fund situation. Hospital officials state that, without the direct care trainee class, the staff to patient ratio would fall short of Joint Commission on Accreditation of Healthcare Organizations (JCAHO) expectations. The hospital is scheduled for a JCAHO survey in May 1992. Funding of \$51,297 would allow the hospital to fill some of the 43 current staff vacancies. Priority would be given to hiring Kansas Neurological Institute employees who have been laid off in FY 1992. The remaining \$23,703 would help to meet other operating expenses of the hospital.

The Subcommittee notes that the hospital has pending a request for a Governor's Budget Amendment in the amount of \$457,324 to address the fee fund issue. An unexpected one-time collection and generally improved collections have reduced the anticipated shortfall to \$270,722 as of February 21. The Subcommittee recommends that the House Subcommittee review this issue to determine the status of collections at that time.

2. The Subcommittee notes that the Governor's recommendation includes an average daily census of 270, while the hospital requested an average daily census of 296. The hospital's actual average daily census in FY 1992 has been as follows: 303 in July 1991; 286 in August 1991; 297 in September 1991; 309 in October 1991; 297 in November 1991; 288 in December 1991; and 301 in January 1992, for an average of 297. The Subcommittee notes that the Governor's recommendation was related to the planned transfer of twenty dually diagnosed patients from Topeka State to state developmental disabilities facilities. The Subcommittee was informed that, although those 20 patients have been transferred, the hospital currently has 19 dually diagnosed patients; of the 19 patients, 13 were either court committed or referred from the Shawnee Community Mental Health Center. The Subcommittee also was told that the hospital has an agreement in place with Shawnee Community Mental Health Center whereby patients screened and recommended for admission to the hospital are admitted by the hospital. This is similar to the process which will occur as mental health reform legislation enacted by the 1990 Legislature is implemented in the Topeka State Hospital catchment area during FY 1993. Of the total admissions to Topeka State Hospital from July 1, 1991, to December 31, 1991, 97.4 percent were either court ordered admissions or were referrals from Shawnee Community Mental Health Center. The Subcommittee notes that Topeka State could control only the remaining 2.6 percent of admissions.

The Subcommittee notes its concern with the Governor's recommended budget for staffing and operating expenses intended to serve an FY 1992 average daily census of 270, which does not reflect the actual census, which has resulted from court referrals and admissions of all patients screened by Shawnee Community Mental Health Center.

#### **Senate Committee Recommendation**

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

#### **Senate Committee of the Whole Recommendation**

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



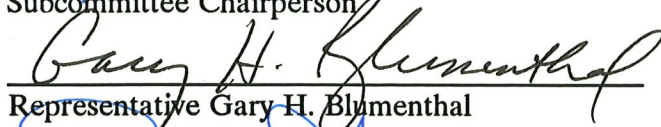
Expenditure Summary	Senate Adj. FY 92	Senate Rec. FY 92	House Subcommittee Adjustments
<b>State Operations:</b>			
State General Fund	\$ 175,000	\$ 8,998,594	\$ --
General Fees Fund	(175,000)	4,483,481	--
Title XIX Fund	--	7,759,714	--
Federal Educ. Funds	--	100,818	--
Subtotal	<u>\$ 0</u>	<u>\$ 21,342,607</u>	<u>\$ --</u>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	--	277	--
Topeka State Hospital Rehab. & Repair Fund	--	151,646	--
<b>GRAND TOTAL</b>	<u><u>\$ 0</u></u>	<u><u>\$ 21,494,530</u></u>	<u><u>\$ --</u></u>
 FTE Positions	 --	 649.7	 --

### House Subcommittee Recommendation

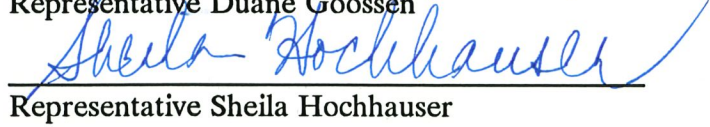
The House Subcommittee concurs with the recommendations of the Senate Committee of the Whole with the following observation:

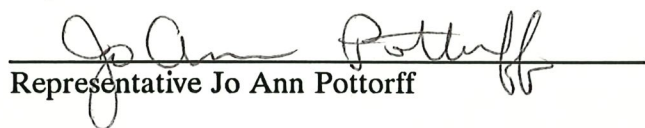
1. The Subcommittee notes that the hospital now projects an FY 1992 fee fund shortfall of \$411,008, as compared with the \$270,722 shortfall projected at the time of the Senate appeal. The Subcommittee notes that the agency has requested a Governor's Budget Amendment concerning this item and recommends that this be reviewed as an Omnibus item.
2. The Subcommittee shares the concern noted by the Senate Subcommittee concerning the hospital's average daily census in both FY 1992 and FY 1993 and recommends that the agency address what average daily census can be expected in both years in light of mental health reform and that this issue be addressed as an Omnibus item.

  
\_\_\_\_\_  
Representative Henry M. Helgerson, Jr.  
Subcommittee Chairperson

  
\_\_\_\_\_  
Representative Gary H. Blumenthal

  
\_\_\_\_\_  
Representative Duane Goossen

  
\_\_\_\_\_  
Representative Sheila Hochhauser

  
\_\_\_\_\_  
Representative Jo Ann Pottorff

**SUBCOMMITTEE REPORT**

**Agency:** Topeka State Hospital

**Bill No.** 507

**Bill Sec.** 8

**Analyst:** Porter

**Analysis Pg. No.** 854

**Budget Page No.** 560

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Governor's Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>State Operations:</b>			
State General Fund	\$ 9,011,716	\$ 8,087,827	\$ 155,816
General Fees Fund	4,544,374	4,544,374	--
Title XIX Fund	8,620,298	8,620,298	66,150
Federal Educ. Funds	100,818	100,818	--
Subtotal	<u>\$ 22,277,206</u>	<u>\$ 21,353,317</u>	<u>\$ 221,966</u>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	186,300	90,500	--
Topeka State Hospital Rehab. & Repair Fund	159,300	--	--
<b>GRAND TOTAL</b>	<u><u>\$ 22,622,806</u></u>	<u><u>\$ 21,443,817</u></u>	<u><u>\$ 221,966</u></u>
FTE Positions	605.7	605.7	--
Average Daily Census (ADC)	289	250	--

**Agency Request/Governor's Recommendation**

The FY 1993 operating budget request for Topeka State Hospital is \$22,277,206, an increase of \$738,944, or 3.4 percent, above the FY 1992 estimated operating budget. The request provides funding for 605.5 FTE positions and includes funding of \$9,011,716 from the State General Fund, \$4,544,374 from the hospital's fee fund, \$8,620,298 from federal Title XIX funds, and \$100,818 from federal Chapter I funds. The FY 1993 request for Title XIX funds includes disproportionate share funds. The FY 1993 budget request presumes that the hospital will remain certified for the entire fiscal year. Of the \$738,944 increase from FY 1992, 25.3 percent is for salaries and wages, 52.6 percent is for capital outlay, 15.7 percent is for professional and scientific supplies, and 6.4 percent is for other items. In addition to the state operations funding noted above, the hospital requests \$186,300 from the State Institutions Building Fund and \$159,300 from the Rehabilitation and Repair fund for capital improvements.

Pursuant to mental health reform legislation enacted by the 1990 Legislature, Topeka State will downsize by 20 adolescent beds by the end of FY 1993, which is the first year of mental health reform in the Topeka State Hospital catchment area. The hospital requests an FY 1993 ADC of 289.

The Governor recommends FY 1993 expenditures of \$21,353,889, a reduction of \$923,889 (all SGF) from the amount requested. Reductions are recommended from the requests for

salaries and wages (\$267,571), contractual services (\$164,332), commodities (\$128,302), and capital outlay (\$363,684). The Governor recommends expenditures of \$206,200 from the Topeka State Hospital Rehabilitation and Repair fund, but transfers the fund to the Social and Rehabilitation Services (SRS) budget. The recommendation includes an FY 1993 ADC of 250, a reduction of 39 from the ADC requested by the agency.

### Senate Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor with the following adjustments and observations:

1. Add Title XIX funding of \$66,150 for the pharmaceutical drug Clozaril. The recommended funding reflects 75 percent of the hospital's request of \$88,200 for the drug.
2. As noted in its FY 1992 report, the Subcommittee expresses its concern with the Governor's recommended average daily census. Although the hospital requested an average daily census of 286, the Governor recommends an average daily census of 250. The Subcommittee notes the FY 1992 actual average daily census to date is in excess of the Governor's recommendation of 270 by an average of 27 daily patients and that the FY 1993 recommendation reflects a further average daily census reduction of 20. The Subcommittee notes that, although Topeka State plans to close a unit of twenty adolescent beds in conjunction with the implementation of mental health reform legislation enacted by the 1990 Legislature, Topeka State is to close the unit by the end of FY 1993, after community resources to serve the adolescents have been established or augmented. The Governor's recommended average daily census would not allow for flexibility in the transition from hospital based to community based services for those patients. The Subcommittee recommends that this issue be reviewed at the time of the agency's FY 1994 budget submission.

The Subcommittee further recommends that the hospital review its current staffing levels and submit the results of that review in its FY 1994 budget submission. The Subcommittee received testimony that the elimination of a total of 50.0 FTE positions in FY 1992 and FY 1993 has caused staffing concerns.

3. Add \$155,816 from the State General Fund for the FY 1993 school contract with U.S.D. 501, Topeka, for the hospital's share of the operating costs of Capital City School. The Subcommittee notes that the Governor's recommendation for the school contract would require the elimination of an estimated ten teaching positions from the entire school program. The Subcommittee notes that, while some reduction in the amount of the school contract should result from the elimination of twenty adolescent beds, that reduction will not be reflected until FY 1994. The hospital is not required to complete moving 20 adolescents into community programs until the end of FY 1993, and the FY 1993 school contract should reflect teaching positions associated with those patients who are anticipated to remain in the hospital for at least a portion of the 11-month school program.

Funding recommended by the Subcommittee would place school contract funding in the position it appears was intended by the Governor, which is a continuation of the FY 1992 funding level with no teacher salary increase from FY 1992 to FY 1993.

4. The Subcommittee notes that the hospital has pending a Governor's Budget Amendment for \$389,319 to address its anticipated fee fund shortfall in FY 1993 due to a downward adjustment in the daily rate paid by the Medicare program. The Subcommittee recommends that the House Subcommittee review the status of the hospital's fee fund collections.

#### **Senate Subcommittee on Capital Improvements (S.B. 494)**

The Senate Subcommittee on capital improvements concurs with the recommendations of the Senate Subcommittee, with the following adjustment:

1. Add \$39,000 from the SIBF to revamp the dock at Southard kitchen (S.B. 494). The Joint Committee on State Building Construction did not address this item.

#### **Senate Committee Recommendation**

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

1. Delete \$436,888 (\$165,225 SGF, \$92,978 fee fund, and \$178,685 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.

#### **Senate Committee of the Whole Recommendation**

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


Expenditure Summary	Senate Adj. FY 93	Senate Rec. FY 93	House Subcommittee Adjustments
<b>State Operations:</b>			
State General Fund	\$ (9,409)	\$ 8,078,418	\$ 165,225
General Fees Fund	(92,978)	4,451,396	92,978
Title XIX Fund	(112,535)	8,507,763	178,685
Federal Educ. Funds	--	100,818	--
Subtotal	<u>\$ (214,922)</u>	<u>\$ 21,138,395</u>	<u>\$ 436,888</u>
<b>Capital Improvements:</b>			
State Inst. Bldg. Fund	39,000	129,500	--
<b>GRAND TOTAL</b>	<u><u>\$ (175,922)</u></u>	<u><u>\$ 21,267,895</u></u>	<u><u>\$ 436,888</u></u>
 FTE Positions	 --	 605.7	 --

### House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Senate Committee of the Whole with the following adjustment and observations:

1. Restore \$436,888 (\$165,225 SGF, \$92,978 fee fund, and \$178,685 Title XIX) recommended by the Governor for step increases, longevity, and unclassified merit.
2. The Subcommittee concurs with the Senate recommendation to fund the FY 1993 school contract at the FY 1992 level, but notes that the FY 1994 school contract should reflect a reduction related to the FY 1993 elimination of twenty adolescent beds.
3. Delete \$39,000 from the SIBF added by the Senate Subcommittee on capital improvements in S.B. 494 for revamping the dock at Southard kitchen and concur with the Governor's recommendation for capital improvements.

  
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Representative Henry M. Helgerson, Jr.  
Subcommittee Chairperson

  
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Representative Gary H. Blumenthal

  
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Representative Duane Goossen

  
\_\_\_\_\_  
Representative Sheila Hochhauser

  
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Representative Jo Ann Pottorff

PROJECTED FUTURE STATE PSYCHIATRIC HOSPITAL AND MENTAL HEALTH REFORM EXPENDITURES

	FY 1992 (Estimate) Gov Rec	FY 1993 (Estimate) Gov Rec	% Change	FY 1994 (Estimate) Gov Rec	% Change	FY 1995 (Estimate) Gov Rec	% Change	FY 1996 (Estimate) Gov Rec	% Change
Osawatomie (SGF) Estimated Census	\$12,052,145 302	\$10,256,610 254	-(14.9)	\$10,413,000 No Change	1.5	\$10,934,000 No Change	5	\$11,481,000 No Change	5
Rainbow (SGF) Estimated Census	\$1,617,418 48	\$1,641,984 48	1.5	\$1,666,614 48	1.5	\$1,691,613 48	1.5	\$1,716,987 48	1.5
CMHC	\$3,565,485	\$5,132,909	44	\$5,389,555	5	\$5,659,032	5	\$5,941,984	5
Topeka (SGF) Estimated Census	\$8,823,594 270	\$8,087,827 250	-(8.3)	\$8,109,000 220-230	0.3	\$8,148,000 190-210	0.5	\$8,162,000 No Change	0.2
CMHC	0	\$2,354,609		\$3,930,947	66.9	\$5,659,032	44	\$5,941,984	5
Larned (SGF) Estimated Census	\$20,900,953 542	\$20,481,786 522	-2	\$22,118,233 492-502	8	\$22,425,000 462-482	1.4	\$22,963,000 432-462	2.4
CMHC	0	0		\$2,472,340		\$4,127,495	66.9	\$5,941,984	44

\*Source of information: The Governor's Budget Report FY 1993. Therefore, Substance Abuse Programs have been deleted from Osawatomie State Hospital and Larned State Hospital data.

\*\*Hospital reports indicate State General Funds only.

ATTACHMENT A



KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
Management Services

A. Explanation of Proposed Disproportionate Share Financing

Disproportionate share costs are those costs for which the federal and state government (through Medicaid) will reimburse hospitals due to the underpayment or nonpayment for services for low income persons not covered by any private or public health insurance program. Disproportionate share payments were mandated by the Omnibus Budget Reconciliation Act (OBRA) of 1981, which required that state Medicaid agencies, in developing hospital reimbursement rates, must take into account the situation of hospitals serving a disproportionate share of low-income patients. However, the law was not fully implemented until OBRA of 1987 established criteria for states to follow in defining disproportionate share hospitals and determining payment adjustments to such hospitals.

To qualify for disproportionate share reimbursement, a hospital must have one of the following:

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

State mental health hospitals as a group meet both of these criteria.

In reviewing the federal regulations, Kansas as well as other states, determined that OBRA specified formulas to be used in the calculation of the minimum amount of disproportionate share payments, but did not impose an upper limit. (Congress has since imposed a limit, which is discussed below.) Therefore, the Department submitted a Medicaid State Plan amendment to the Health Care Financing Administration providing for the following disproportionate share formula:

govt payments excl Medicare -----	- 25%	X 4
amt charged - uncollected revenue	(because util. rate must exceed 25%)	the "disprop. share multiplier"

If government payments for care are greater than or equal to compensated care, the above formula yields at least 300 percent of federal and state Medicaid expenditures in some previous time period. For example,  $(100\% - 25\%) \times 4 = 300\%$ . For FY 1992, SRS is using cost reports from the fiscal year ending June 30, 1990. There are no federal restrictions on how the "excess" reimbursement is used.

It should be noted that the so-called "disproportionate share multiplier" is not defined in federal law or regulations but was selected by the state and approved by HCFA. Other states have selected higher or lower multipliers.

The "excess" Medicaid reimbursement is to compensate the provider (SRS) for the care of low income persons in state mental hospitals, primarily 18 to 64 year olds, who have no other health coverage. It is deposited in the Institutional Receipts from Title XIX fund, and in essence frees up 100 percent SGF dollars which would otherwise be expended for the care of these indigents. The excess above hospital needs can be transferred to the SRS fee fund for the state share of medical assistance expenditures.

In December 1991, Congress capped disproportionate share payments at 12 percent of a state's Medicaid expenditures. States like Kansas which are in excess of 12 percent will have the dollar amount of disproportionate share payments frozen until their base expenditures increase and disproportionate share payments fall below 12 percent.

Under the current State Medicaid Plan, SRS expects to receive \$105.6 million in disproportionate share funds in FY 1992. After setting aside about \$17 million for mental institutions budgets, the general agency has about \$89 million available for FY 92. The agency also expects to receive a similar amount of current disproportionate share revenues in FY 93, with the state hospitals retaining about \$20 million. Retroactive claims for \$186 million in disproportionate share are also expected.

#### B. Disproportionate Share Receipts

<u>FY</u>	<u>Quarter</u>	<u>Current</u>	<u>Retroactive</u>	<u>Total</u>
1992	1	25,183,822		25,183,822
	2	26,009,377	16,281,800	42,291,177
	3	27,855,177	16,281,800	44,136,977
	4	26,572,492	16,281,800	42,854,292
<b>Total</b>		<b>105,620,868</b>	<b>48,845,400</b>	<b>154,466,268</b>
1993	1	26,572,492	33,753,309	60,325,801
	2	26,101,428	34,523,850	60,625,278
	3	26,101,428	34,523,850	60,625,278
	4	26,101,428	34,523,850	60,625,278
<b>Total</b>		<b>104,876,776</b>	<b>137,324,859</b>	<b>242,201,635</b>

3/26/92