

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:10 a.m. on February 27, 1992 in Room 123-S of the Capitol.

All members were present except:

No one was absent

Conferees appearing before the committee:

None

INTRODUCTION OF BILLS

It was moved by Senator Doyen and seconded by Senator Hayden that bill draft 1 RS 2794 be introduced as requested by Senator Doyen. The motion carried.

SB 507 - Appropriations for FY93, for department of social and rehabilitation services and state mental health and mental retardation institutions.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES - MENTAL RETARDATION SERVICES

Senator Kerr reviewed the FY92 and FY93 subcommittee reports, Attachment 1. It was moved by Senator Feleciano and seconded by Senator Moran that the FY92 subcommittee report and FY93 subcommittee report as amended by previous action to delete salary increases be adopted. The motion carried.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES - MENTAL HEALTH SERVICES

Senator Salisbury reviewed the FY92 and FY93 subcommittee reports, Attachment 2. There was lengthy discussion about the subcommittee's recommendation to reconsider funding for the mental health reform pilot project for children in the Omnibus bill. Senator Parrish moved, Senator Winter seconded, that the subcommittee report be amended by recommending \$305,775 for the funding of the mental health reform pilot project for children.

Senator Brady explained the subcommittee's dilemma of recommending funding for a pilot project (intended to determine the most effective way to treat children outside the hospital setting) knowing that money is allocated in the budget to move children from hospitals this year. Senator Salisbury reiterated her advocacy for mental health reform for children but noted that the subcommittee felt obligated to present a workable budget. The motion failed.

There was discussion of the recommendation to delete funding associated with a budgeted 5% increase to mental health reform, item 3, Attachment 2-4. Senator Brady noted that the subcommittee pulled the funding out to force the agency and providers to provide documentation of how the money is spent. He said the subcommittee wants to ensure that the money is being spent on additional services for clients.

Senator Salisbury moved, Senator Parrish seconded, that item #3 of the FY93 subcommittee report be amended by requesting more specific information about the state's plan and direction for the use of the money and that item #4 be amended by requesting that the House of Representatives study the feasibility of doing the pilot project and its relationship with mental health reform. The motion carried.

It was moved by Senator Salisbury and seconded by Senator Brady that the FY92 subcommittee report and the FY93 subcommittee report as amended be adopted. (The FY93 report was further amended by previous action to delete the salary increases.) The motion carried.

Senator Rock noted his desire to have a better understanding of the word "study," explaining that he has questions whether a study performed in Topeka is reflective of the costs and success of that program in rural areas.

**STATE MENTAL HEALTH HOSPITALS
SYSTEMWIDE RECOMMENDATIONS AND OBSERVATIONS**

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Senator Salisbury presented the subcommittee's systemwide recommendations and observations, Attachment 3. Senator Rock told the Committee about circumstances in which persons who had been granted 3 days insurance would enter drug and alcohol abuse programs for 30 days, circumstances in which those clients who have insurance are sent to private hospitals and the state pays the bills, and circumstances in which local mental health agencies receive commissions from drug abuse clinics for the referral of patients.

Senator Feleciano queried why the legal staff of SRS advised against filing suit (item 4). Secretary Whiteman stated that the agency is trying to work with the Department of Insurance to resolve the issues in a cooperative effort.

Senator Salisbury moved, Senator Rock seconded, that the systemwide recommendations and observations be adopted. The motion carried.

LARNED STATE HOSPITAL

Senator Brady reviewed the FY92 and FY93 subcommittee reports, Attachment 4. Chairman Bogina commented that the disparity between wages, particularly in the Dillon unit, is a problem that should be reviewed (item 2 of the FY92 report). Senator Moran added that the disparity is unfair because the most severely handicapped and most dangerous clientele is housed in the Dillon unit whose employees are paid 1-5 pay ranges less than those employees who care for inmates who have been stabilized and transferred back to Corrections. Senator Rock stated that the problem will escalate as the building is renovated to comply with JCAHO regulations, item 5 of the FY93 report, which will reduce security for employees. In answer to Senator Winter's question, George Vega, Acting Commissioner of Mental Health and Retardation Services, stated that JCAHO accreditation allows SRS to receive third party payments. The Chairman requested that Mr. Vega provide information regarding the amount of money collected in comparison to the cost of renovating the Dillon and Jung buildings. In answer to Senator Parrish's question, Secretary Whiteman indicated that she had checked the possibility of receiving disproportionate share money for correctional clients, but believed them to be ineligible. She stated that she would further check on the eligibility of the indigent clientele in the Dillon unit.

Senator Brady moved, Senator Moran seconded, that the subcommittee report be amended by requesting an interim study on the salary disparity for SRS employees who work at correctional facilities and by requesting that the House of Representatives study the advisability of seeking JCAHO accreditation. The motion carried.

Senator Winter moved, Senator Brady seconded, the adoption of the FY92 subcommittee report and the FY93 subcommittee report as amended. (The FY93 report is further amended by previous action to delete salary increases.) The motion carried.

OSAWATOMIE STATE HOSPITAL

Senator Brady reviewed the FY92 and FY93 subcommittee reports, Attachment 5. The Committee discussed at length the hospital's request for an additional Physician Specialist, item 5, Attachment 5-4. In answer to a question, Sec. Whiteman stated that the institutions have tried to work out residency programs with Wichita for medical doctors, but the institutions experience the most difficulty in the recruitment of psychiatric doctors in rural areas.

Senator Brady moved, Senator Moran seconded, the adoption of the FY92 subcommittee report and the FY93 subcommittee report as amended by previous action to delete the salary increases. The motion carried.

RAINBOW MENTAL HEALTH FACILITY

The FY92 and FY93 subcommittee reports, Attachment 6, were reviewed by Senator Brady. Senator Brady moved, Senator Salisbury seconded, the adoption of the FY92 subcommittee report and the FY93 subcommittee report as amended by previous action to delete the salary increases. The motion carried.

TOPEKA STATE HOSPITAL

Senator Rock reviewed the FY92 and the FY93 subcommittee reports, Attachment 7. In answer to Senator Feleciano's question, Sec. Whiteman stated that SRS is working with a firm in Washington, D.C. to recover a total of approximately \$500,000 in the Medicare litigation (item 1, Attachment 7-2).

Concern was expressed about staffing and security levels at Topeka State Hospital (item 2 of the FY93 report) with respect to the recent murder of an employee. Sec. Whiteman introduced Topeka State's new superintendent, David Sofferin, and said that he would be looking at staffing recommendations that evolve from the police investigative report and presenting recommendations to the House Appropriations Committee.

Senator Rock moved, Senator Salisbury seconded, the adoption of the FY92 subcommittee report and the FY93 subcommittee report as amended by previous action to delete salary increases. The motion carried.

It was moved by Senator Salisbury and seconded by Senator Brady that SB 507 as amended be recommended favorable for passage. Senator Moran noted that he would vote for SB 507, that he had seconded the motion to request an interim study on salary disparity for SRS employees working at correctional facilities, but he hoped that the Dillon unit could be studied during this legislative session. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 12:44 p.m.

SUBCOMMITTEE REPORT

Agency: Department of Social and
Rehabilitation Services
Mental Retardation Services

Bill No. 547

Bill Sec. 9

Analyst: Howard

Analysis Pg. No. 725

Budget Page No. 522

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 583,665	\$ 574,050	\$ 0
Local Aid	30,738,944	30,738,944	0
Other Assistance	52,184,318	52,184,318	(800,000)
Subtotal - Operating	\$ 83,506,927	\$ 83,497,312	\$ (800,000)
Capital Improvements	0	0	0
Total	\$ 83,506,927	\$ 83,497,312	\$ (800,000)
State General Fund:			
State Operations	\$ 533,665	\$ 524,050	\$ 0
Local Aid	20,721,421	20,721,421	0
Other Assistance	22,218,767	22,218,767	(800,000)
Subtotal - Operating	\$ 43,473,853	\$ 43,464,238	\$ (800,000)
Capital Improvements	0	0	0
Total	\$ 43,473,853	\$ 43,464,238	\$ (800,000)
FTE Positions	12.0	12.0	--

Agency Estimate/Governor's Recommendation

The agency estimates FY 1992 expenditures of \$83.5 million for mental retardation services, of which \$43.5 million is from the State General Fund. The estimate includes the following: \$533,665 for administration; \$5,963,771 for state aid; \$13,587,310 for special purpose and other grants; \$10,350,340 for community and day living grants; \$600,000 for the family subsidy; \$15.3 million for HCBS-MR; and \$37.2 million for ICF-MRs. The Governor recommends a reduction of \$9,615 in salaries from the agency estimate.

Senate Subcommittee Recommendation

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

1. Delete \$800,000 from the State General Fund in projected ICF-MR savings. The Subcommittee further recommends that expenditure patterns be reviewed later in the Session to capture any additional savings that may occur.

SWAM
February 27, 1992
Attachment 1

Dave Kerr

Senator Dave Kerr
Subcommittee Chair

Paul Feleciano, Jr.

Senator Paul Feleciano, Jr.

Leroy Hayden

Senator Leroy Hayden

Jerry Moran

Senator Jerry Moran

SUBCOMMITTEE REPORT

Agency: Department of Social and
Rehabilitation Services
Mental Retardation Services

Bill No. 507

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 725

Budget Page No. 522

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,256,247	\$ 752,556	\$ 0
Local Aid	32,981,122	31,828,488	(469,679)
Other Assistance	72,903,848	64,210,542	(708,696)
Subtotal - Operating	<u>\$ 107,141,217</u>	<u>\$ 96,791,586</u>	<u>\$ (1,178,375)</u>
Capital Improvements	0	0	0
Total	<u><u>\$ 107,141,217</u></u>	<u><u>\$ 96,791,586</u></u>	<u><u>\$ (1,178,375)</u></u>
State General Fund:			
State Operations	\$ 1,056,247	\$ 552,556	\$ 0
Local Aid	22,957,376	21,804,742	(469,679)
Other Assistance	31,373,310	27,388,459	135,000
Subtotal - Operating	<u>\$ 55,386,933</u>	<u>\$ 49,745,757</u>	<u>\$ (334,679)</u>
Capital Improvements	0	0	0
Total	<u><u>\$ 55,386,933</u></u>	<u><u>\$ 49,745,757</u></u>	<u><u>\$ (334,679)</u></u>
FTE Positions	24.0	12.0	--

Agency Request/Governor's Recommendation

The agency requests FY 1993 expenditures of \$107.1 million for mental retardation services, of which \$55.4 million is from the State General Fund. The request includes the following: \$1,256,247 for administration including funding for 12 new positions; \$6,202,322 for state aid; \$15,409,252 for special purpose and other grants; \$10,764,353 for community and day living grants; \$1,000,000 for the family subsidy; \$28.3 million for HCBS-MR; and \$44.2 million for ICF-MRs. The request includes 4 percent cost-of-living adjustments for existing grants.

The Governor recommends \$96.8 million for mental retardation services in FY 1993, a reduction of \$10.3 million from FY 1992. The Governor does not recommend the requested new positions. The recommendation does not include the requested cost of living adjustment. The Governor's recommendation includes funding to serve 75 new clients through state funds and federal vocational rehabilitation funds; and funding for 270 new clients under the HCBS-MR waiver. Of the 270 clients, 84 would be placed from the three state mental retardation institutions, 78 from private large bed ICF-MRs, and 108 from the community waiting list. The recommendation for ICF-MR funding in FY 1993 assumes a 5.7 percent cost adjustment.

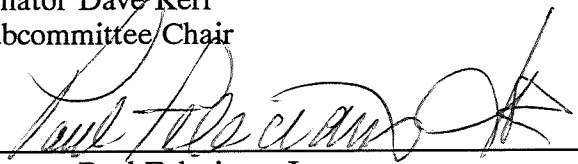
Senate Subcommittee Recommendation

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

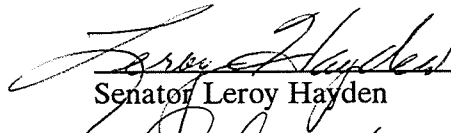
1. Delete \$600,000 from the State General Fund (\$1,443,696 All Funds) in projected ICF-MR savings. The Subcommittee further recommends that expenditure patterns be further reviewed later in the Session to capture any additional savings.
2. Delete \$97,820 from the State General Fund in autism grants to provide \$98,250, the same amount as in the current year.
3. Add \$100,000 from the State General Fund for the family subsidy program. The recommendation provides a total of \$700,000 for family subsidy in FY 1993.
4. Add \$100,000 from the State General Fund for training grants for Community Mental Retardation Centers. The recommended funding is designed to allow CMRCs to secure training for direct service and management staff in serving individuals who are more severely developmentally disabled than those historically served.
5. Add \$163,141 from the State General Fund to provide a 1 percent increase in state aid to community mental retardation centers (\$59,638) and community and day living grants (\$103,503).
6. Shift \$635,000 between two State General Fund accounts as a technical correction to reflect the actual allocation of funding.



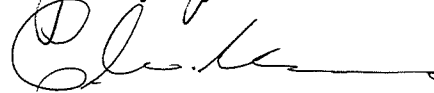
Senator Dave Kerr
Subcommittee Chair



Senator Paul Feleciano, Jr.



Senator Leroy Hayden



Senator Jerry Moran

SUBCOMMITTEE REPORT

Agency: Department of Social and
Rehabilitation Services
Mental Health Services

Bill No. 547

Bill Sec. 9

Analyst: Howard

Analysis Pg. No. 725

Budget Page No. 522

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,211,741	\$ 1,200,380	\$ --
Local Aid	19,096,741	19,096,741	--
Other Assistance	6,007,738	5,977,709	--
Subtotal - Operating	<u>\$ 26,316,220</u>	<u>\$ 26,274,830</u>	<u>\$ --</u>
Capital Improvements	0	0	--
TOTAL	<u><u>\$ 26,316,220</u></u>	<u><u>\$ 26,274,830</u></u>	<u><u>\$ --</u></u>
State General Fund:			
State Operations	\$ 383,190	\$ 371,251	\$ --
Local Aid	16,363,374	16,363,374	--
Other Assistance	6,007,738	5,925,721	--
Subtotal - Operating	<u>\$ 22,754,302</u>	<u>\$ 22,660,346</u>	<u>\$ --</u>
Capital Improvements	0	0	--
TOTAL	<u><u>\$ 22,754,302</u></u>	<u><u>\$ 22,660,346</u></u>	<u><u>\$ --</u></u>
FTE Positions	10.0	10.0	--

Agency Estimate/Governor's Recommendation

The agency requests \$26.3 million for mental health services in FY 1992. The request includes: \$468,279 for administration; \$10,032,644 for mental health state aid; \$3,565,485 for mental health reform; \$5,404,301 for other mental health grants; and \$837,773 for special projects and court-ordered evaluations. The Governor's FY 1992 recommendation is a reduction of \$9,907 in salaries from the agency estimate.

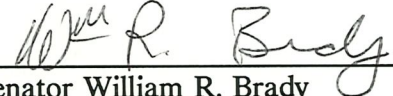
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

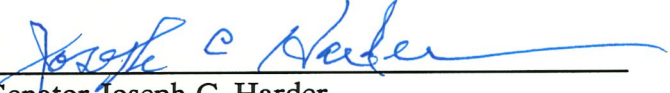
SWAM
February 27, 1992
Attachment 2



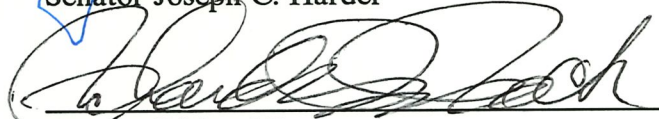
Senator Alicia Salisbury



Senator William R. Brady



Senator Joseph C. Harder



Senator Richard Rock

SUBCOMMITTEE REPORT

Agency: Department of Social and
Rehabilitation Services
Mental Health Services

Bill No. 507

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 725

Budget Page No. 522

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,324,650	\$ 1,230,509	\$ --
Local Aid	24,976,163	23,181,982	(356,549)
Other Assistance	8,699,622	6,618,344	(1,210,000)
Subtotal - Operating	<u>\$ 35,000,435</u>	<u>\$ 31,030,835</u>	<u>\$ (1,566,549)</u>
Capital Improvements	0	0	--
TOTAL	<u><u>\$ 35,000,435</u></u>	<u><u>\$ 31,030,835</u></u>	<u><u>\$ (1,566,549)</u></u>
State General Fund:			
State Operations	\$ 506,576	\$ 411,594	\$ --
Local Aid	22,390,383	20,596,202	(356,549)
Other Assistance	7,292,399	6,488,344	(1,210,000)
Subtotal - Operating	<u>\$ 30,189,358</u>	<u>\$ 27,496,140</u>	<u>\$ (1,566,549)</u>
Capital Improvements	0	0	--
TOTAL	<u><u>\$ 30,189,358</u></u>	<u><u>\$ 27,496,140</u></u>	<u><u>\$ (1,566,549)</u></u>
FTE Positions	13.0	10.0	--

Agency Request/Governor's Recommendation

The agency requests \$35.0 million for mental health services in FY 1993. The request includes: \$576,152 for administration; \$10,433,950 for mental health state aid; \$7,487,519 for mental health reform; \$6,959,694 for other mental health grants; and \$843,498 for special projects and court-ordered evaluations. The request includes funding for a 4 percent cost-of-living adjustment to state aid and existing grants and \$1.3 million for new grants. The Governor recommends \$31.0 million in FY 1993. The recommendation includes funding for the next phase of mental health reform including commencement in the Topeka catchment area, and \$200,000 from the State General Fund to provide grants for the development of consumer-run projects. Other requested new initiatives are not recommended.

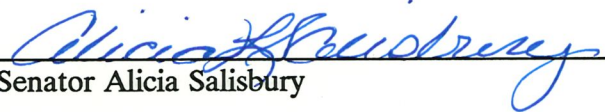
Senate Subcommittee Recommendation

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

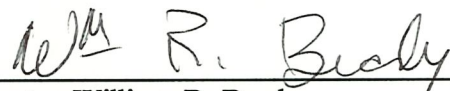
1. Delete \$1,210,000 from the State General Fund from SRS Alcohol and Drug Abuse Services recommended by the Governor for the establishment of

community based treatment to replace the substance abuse units at Larned and Osawatomie State Hospitals. The Subcommittee recommends that the substance abuse units at the state hospitals be continued.

2. The Subcommittee concurs with the Governor's recommendation of \$200,000 from the State General Fund for consumer-run projects. This new funding would be granted to consumer-run organizations for the development of various services including drop-in centers, peer support programs or vocational programs. The Subcommittee would stress that this new funding is intended for services, not advocacy. The Subcommittee also notes that this funding is not intended to supplant current consumer programs operated through community mental health centers. The Subcommittee anticipates that current programs funded through mental health center funding will continue. Further, the Subcommittee believes that as mental health reform is expanded, consumer-run programs are an appropriate service component to be funded through mental health reform funding.
3. Delete \$356,549 from the State General Fund associated with a budgeted five percent increase to mental health reform funding. The Subcommittee has some questions regarding the five percent annual increase assumed in mental health reform funding and was further informed that three years of five percent increases have been built in for a program begun in FY 1991, rather than two years. The Subcommittee heard testimony that the five percent increase each year is intended to both maintain the capacity and strength of community-based services developed as a result of mental health reform and the growth of services necessary to accommodate increased utilization. The Subcommittee is concerned about a state plan that would direct the distribution and use of mental health reform funding and requests that SRS develop a plan for the use of this funding and present that plan to the House Subcommittee for further review. Included in such a plan should be information on the actual clients that should be served and services that should be provided as a result of this funding. The plan should include information on the cost of providing services in the community as compared to the state hospitals based on the actual costs of screening and community services for clients.
4. The Subcommittee discussed the mental health reform pilot project for children which was included as a part of mental health reform legislation (1990 H.B. 2586). The Subcommittee was informed that the proposed project is estimated to cost \$750,000 with a state share of \$305,775 to provide services to thirty Medicaid eligible children for an entire year. The Subcommittee is supportive of this project and recommends it for funding in the Omnibus Bill if disproportionate share funds are available at that time to fund the state share of the project.



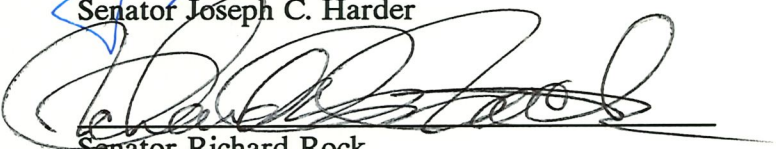
Senator Alicia Salisbury



Senator William R. Brady



Senator Joseph C. Harder



Senator Richard Rock

628-93/LH

**STATE MENTAL HEALTH HOSPITALS
SYSTEMWIDE RECOMMENDATIONS AND OBSERVATIONS**

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 generally achieved for three to six months, and the average length of stay for

*SWAM
February 27, 1992
Attachment 3*

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

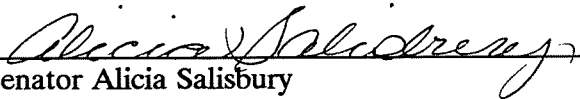
officials, factors causing the increasing expenditures include not only increased pharmaceutical costs, but also an increase in the number of prescriptions written, attempts to comply with improved care standards, and a greater frequency of physically debilitated and chronic patients. The Subcommittee 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.

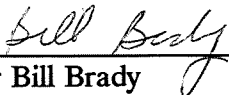
4. The Subcommittee reviewed the issue of fee fund collections at the state hospitals. The 1991 Legislature noted the issue of decreasing fee fund collections in its Subcommittee reports and stated that the reasons for diminished collections cited by the hospitals included a decreasing number of insured 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.

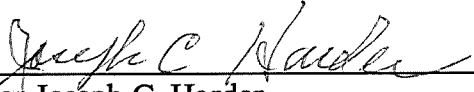
5. The Subcommittee recommends that a technical adjustment be made to the FY 1993 appropriations bill to allow SRS to conform with federal requirements regarding disproportionate share funding. 1992 S.B. 496 would make this same adjustment for FY 1992.



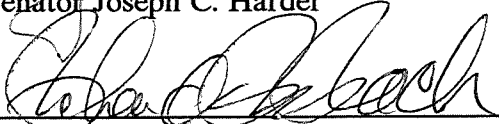
Senator Alicia Salisbury
Subcommittee Chairperson



Senator Bill Brady



Senator Joseph C. Harder



Senator Richard R. Rock

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>
State Operations:			
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>
Capital Improvements:			
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.

*SWAM
February 27, 1992
Attachment 4*

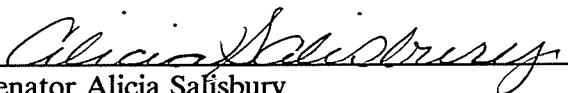
The 90-bed Eisenhower Adult Treatment Center was completed and occupied by patients in May 1990. The facility replaces Rush and Pinel Buildings, which housed the hospital's adult patients.


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.


 Senator Alicia Safisbury
 Subcommittee Chairperson


 Senator Bill Brady


 Senator Joseph C. Harder


 Senator Richard R. Rock

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>
State Operations:			
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>
Capital Improvements:			
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

*SWAM
February 27, 1992
Attachment 4-3*

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.

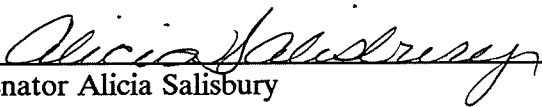
6. The Subcommittee notes that the hospital requested restoration of the \$42,839 reduction from its request for pharmaceutical drugs other than Clozaril

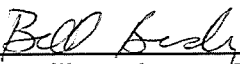
recommended by the Governor. The Subcommittee notes that the hospital has taken measures over the past two years to control drug costs, including unit dose packaging, writing prescriptions for shorter durations of time, using generic drugs whenever possible, and purchasing from the state contract. The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

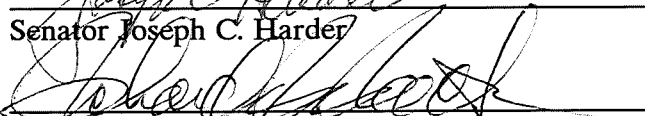
The Subcommittee recognizes that the hospital may well experience a funding shortfall in the amount budgeted for pharmaceutical drugs in FY 1993, as well the shortfall projected for FY 1992, but encourages the hospital to continue implementing cost reduction measures.

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.


 Senator Alicia Salisbury
 Subcommittee Chairperson


 Senator Bill Brady


 Senator Joseph C. Harder


 Senator Richard R. Rock

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	--
GRAND TOTAL	<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

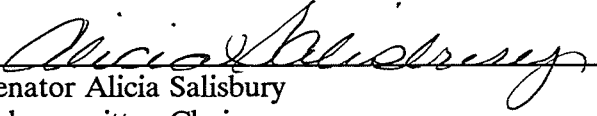
Osawatomi State Hospital requests a total FY 1992 operating budget of \$21,302,282, an increase of \$122,169 above the amount approved by the 1991 Legislature, as adjusted by Finance Council action. State General Fund financing of \$12,251,746 is as approved. Federal Title XIX financing of \$7,047,097 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).

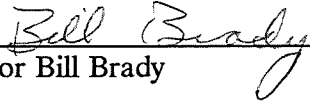
SWAM
February 27, 1992
Attachment 5

Senate Subcommittee Recommendation


The Subcommittee concurs with the recommendations of the Governor.



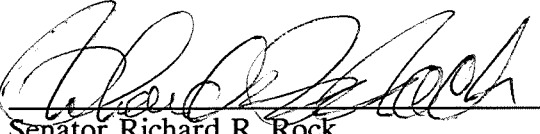
Senator Alicia Salisbury
Subcommittee Chair



Senator Bill Brady



Senator Joseph C. Harder



Senator Richard R. Rock

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>
State Operations:			
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>
Capital Improvements:			
State Institutions Bldg. Fund	67,400	67,400	--
GRAND TOTAL	<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).

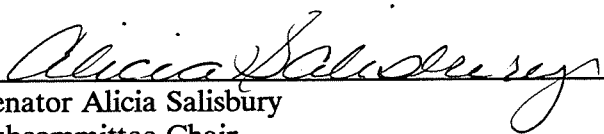
Senate Subcommittee Recommendation

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.

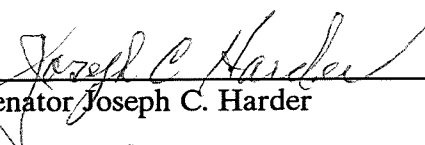
- 6. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 16, which makes a technical adjustment to correct Section 7(a) of 1992 S.B. 494 to reflect the amount intended by the Governor for construction of an outdoor activity area for the hospital. Although the Governor recommends funding 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.




Senator Alicia Salisbury
Subcommittee Chair



Senator Bill Brady



Senator Joseph C. Harder



Senator Richard R. Rock

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.

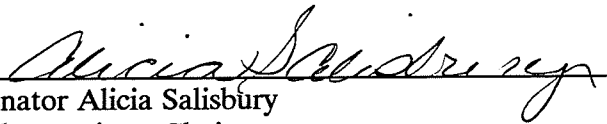
*SWAM
February 27, 1992
Attachment 6*

Senate Subcommittee Recommendation

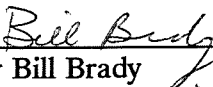
The Subcommittee concurs with the recommendations of the Governor with the following adjustment:

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.




 Senator Alicia Salisbury
 Subcommittee Chair



 Senator Bill Brady



 Senator Joseph C. Harder



 Senator Richard R. Rock

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).

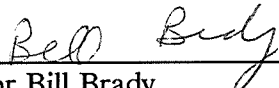
Senate Subcommittee Recommendation

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.



Senator Alicia Salisbury
Subcommittee Chair



Senator Bill Brady



Senator Joseph C. Harder



Senator Richard R. Rock

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>
State Operations:			
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>
Capital Improvements:			
State Inst. Bldg. Fund	1,877	277	--
Topeka State Hospital Rehab. & Repair Fund	151,646	151,646	--
GRAND TOTAL	<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

*SWAM
February 27, 1992
Attachment 7*

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:

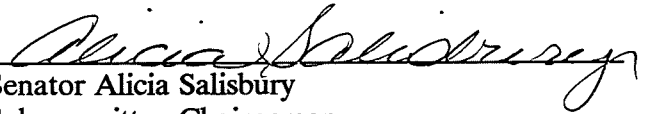
1. The Subcommittee was informed that the hospital anticipates a fee fund shortfall of \$270,722 in FY 1992. Although the decreased insurance collections experienced in FY 1992 were taken into account in estimating FY 1992 fee fund receipts, the hospital notes that the number of insurance companies requiring 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.

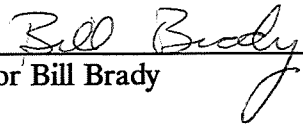
The Subcommittee notes that the hospital has pending a request for a Governor's Budget Amendment in the amount of \$457,324 to address the fee fund issue. An unexpected one-time collection and generally improved collections have reduced the anticipated shortfall to \$270,722 as of February 21. The Subcommittee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



Senator Alicia Salisbury
Subcommittee Chairperson



Senator Bill Brady



Senator Joseph C. Harder



Senator Richard R. Rock

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>
State Operations:			
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>
Capital Improvements:			
State Inst. Bldg. Fund	186,300	90,500	--
Topeka State Hospital Rehab. & Repair Fund	159,300	--	--
GRAND TOTAL	<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:

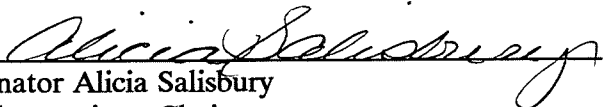
1. Add Title XIX funding of \$66,150 for the pharmaceutical drug Clozaril. The recommended funding reflects 75 percent of the hospital's request of \$88,200 for the drug.
2. As noted in its FY 1992 report, the Subcommittee expresses its concern with the Governor's recommended average daily census. Although 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.

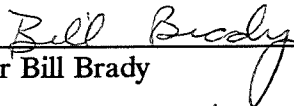
3. Add \$155,816 from the State General Fund for the FY 1993 school contract with U.S.D. 501, Topeka, for the hospital's share of the operating costs of Capital City School. The Subcommittee notes that the Governor's recommendation for the school contract would require the elimination of an estimated 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.

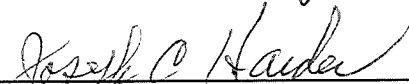
4. The Subcommittee notes that the hospital has pending a Governor's Budget Amendment for \$389,319 to address its anticipated fee fund shortfall in FY 1993 due to a downward adjustment in the daily rate paid by the Medicare program. The Subcommittee recommends that the House Subcommittee review the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



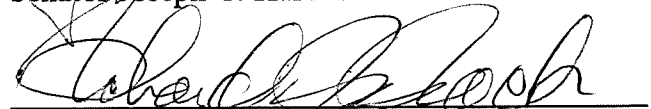
Senator Alicia Salisbury
Subcommittee Chairperson



Senator Bill Brady



Senator Joseph C. Harder



Senator Richard R. Rock