

Approved: 3/28/95
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 12:20 p. m. on March 23, 1995 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Tim Colton, Legislative Research Department
Paul West, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

A motion was made by Representative Gross, seconded by Representative Gatlin, to introduce a bill relating to providing authority to extend the lease for property leased by the historical society in the City of Hays to the City of Hays. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Farmer, to approve the minutes of March 16, March 17, March 20 and March 21, 1995. The motion carried.

Representative Kline briefed the Committee on **HB 2545**.

HB 2545 - State building construction, energy conservation standards.

A motion was made by Representative Kline, seconded by Representative Dean, to pass favorably HB 2545. The motion carried.

The Chair directed the Committee to turn to **SB 343**.

SB 343 - Appropriations for FY 96, department of social and rehabilitation services and state mental health and mental retardation services.

Representative Carmody presented the subcommittee reports for the SRS community mental health and mental retardation services covered under **SB 343**. (Attachment 1).

A motion was made by Representative Gross, seconded by Representative Gatlin, to technically amend item 6 in the FY 96 subcommittee report for community mental retardation services by adding in the first line of the fourth paragraph language "also to review the rates for the HCBS tiers." The motion carried.

A motion was made by Representative Lowther, seconded by Representative Neufeld, to add to item 6 for FY 96 under community mental health services language to the effect that if this initiative for a capitated managed-care model for Medicaid mental health does not come about, the restoration of these funds should be considered as a supplemental request in the 1996 Legislature. The motion carried.

A motion was made by Representative Carmody, seconded by Representative Gatlin, to adopt as amended the subcommittee reports for the SRS community mental health and mental retardation services. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 12:20 p.m. on March 23, 1995.

The Chair directed the Committee to turn to Substitute for HB 2455.

Sub. HB 2455 - Transfers some duties of SRS to Department on Aging.

Representative Neufeld presented a briefing on the subcommittee hearing on Sub. HB 2455 (Attachment 2).

The Chair directed the Committee to turn to HB 2536.

HB 2536 - Creating a compensation commission to establish compensation of elected state officials.

A motion was made by Representative Hochhauser, seconded by Representative Gross, to pass favorably HB 2536.

A substitute motion was made by Representative Haulmark, seconded by Representative Bradley, to amend HB 2536 to include supreme court justices, judges of the court of appeals and district court judges in the study. The motion failed.

The Chair directed the Committee to return to the original motion by Representative Hochhauser. The motion carried.

The meeting adjourned at 2:08 p.m.

The next meeting is scheduled for March 24, 1995.

APPROPRIATIONS COMMITTEE GUEST LIST

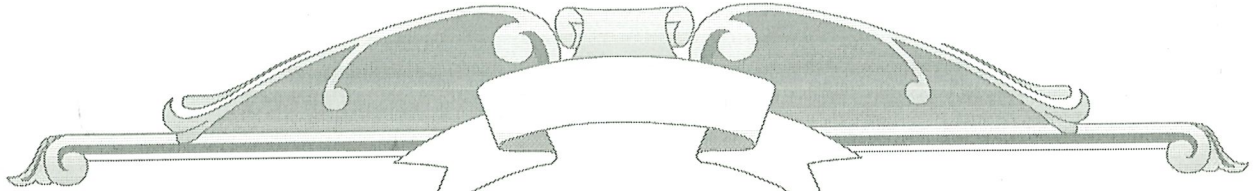
DATE: 3/23/95

NAME	REPRESENTING
Sherry Deel	Ks Advocacy & Protective Services
Mike Hallen	SAS
Tom Jordan	SRS - MHR
Jan Rhy	Ks Council on DD
Duke Redial	Resource Center of Ind. Learning
Greg Tugman	DOB
Jane Cedam	Keys for Networking
Marilynn Langness	614 W. Myrtle Ln, KS 67301 Keys for Networking
Virginia Standley	1906 Kennedy, Parsons, Ks. 67357 Keys for Networking
Jackie Murphy	Keys for Networking 804 S Forest, Chanette, Ks 6720
Jessie Corney	AFSCME - Council 64
Bill Dunning	AFSCME LOCAL 2777
Rudolf K. Heilbrunn	AFSCME - LOCAL 2777 - WSH/ATC
Richard Tinsley	AFSCME - Local 1438 KDOT
Bill Carter	KDOT
Leon Koche	KRS / K6P
Conde Bygones	Memoriam
Judy Kovach	Ks. Mental Health Conf
LeRoy Larson	Ks. Alliance for the M.I.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/23/95

NAME	REPRESENTING
Shannon D. Jones	SILVER
Alan STEPPACI	PETE MCGILL + ASSOC.
Ben Costes	KDDA



Subcommittee Report

1995 Senate Bill 343

§2

Department of Social and Rehabilitation Services

Community Mental Health Services

Community Mental Retardation Services

Tom Carmody

Representative Tom Carmody, Chairman

Fred Gattin

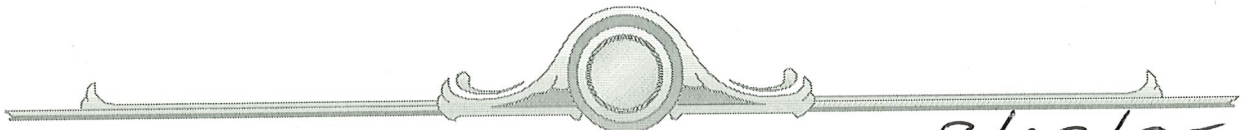
Representative Fred Gattin

Rep Delbert Gross

Representative Delbert Gross

Jim Lowther

Representative Jim Lowther



*3/23/95
Appropriations Cmte
Attachment 1*

SUBCOMMITTEE REPORT

Agency: SRS -- Community Mental Health Services

Bill No. 236

Bill Sec. 6

Analyst: Colton

Analysis Pg. No. 899

Budget Page No. 485

<u>Expenditure Summary</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>Senate Subcommittee Adjustments</u>
Mental Health Services			
Mental Health Administration	\$ 1,387,905	\$ 1,369,377	\$ 0
State Aid	10,032,644	10,032,644	0
Mental Health Reform	15,455,010	15,455,010	0
Mental Health Grants	8,115,467	9,106,381	0
Federal Special Projects	1,285,411	1,287,013	0
Court-Ordered Evaluations	41,691	41,691	0
Total--All Funds	<u>\$ 36,318,128</u>	<u>\$ 37,292,116</u>	<u>\$ 0</u>
Total--SGF	<u>\$ 30,721,887</u>	<u>\$ 31,734,949</u>	<u>\$ 0</u>
Medical Assistance			
NF-MH Program -- All Funds	\$ 14,885,116	\$ 14,885,116	\$ 0
State General Fund	6,516,500	6,117,783	0
Total -- All Funds	\$ 51,203,244	\$ 52,177,232	\$ 0
Total -- SGF	\$ 37,238,387	\$ 37,852,732	\$ 0
FTE Positions	10.0	10.0	--

Agency Estimate/Governor's Recommendation

The agency estimates expenditures of \$36.3 million, of which \$30.7 million is from the State General Fund. The Governor recommends \$37.3 million (\$31.7 million from the State General Fund), or approximately \$1 million more than the agency estimate. The Governor's recommendation will allow the agency to spend a federal grant to create a family-focused system of mental health care for children in rural areas. Also, funding of \$788,874 is included in the Division's budget to allow it to implement the civil commitment of sexually violent predators.

Senate Subcommittee Recommendation

Concur.

Senate Committee Recommendation

Concur.

House Subcommittee Recommendation

Concur.

SUBCOMMITTEE REPORT

Agency: SRS -- Community Mental Health Services

Bill No. 343

Bill Sec. 1

Analyst: Colton

Analysis Pg. No. 899

Budget Page No. 485

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>Senate Subcommittee Adjustments</u>
Mental Health Services			
Mental Health Administration	\$ 1,535,428	\$ 1,510,506	\$ (123,247)
State Aid	10,032,644	10,032,644	0
Mental Health Reform	17,825,952	17,825,952	0
Mental Health Grants	9,835,467	11,171,755	50,000
Federal Special Projects	1,286,282	1,287,340	0
Court-Ordered Evaluations	43,150	43,150	0
Total--All Funds	<u>\$ 40,558,923</u>	<u>\$ 41,871,347</u>	<u>\$ (73,247)</u>
 Total--SGF	 <u>\$ 35,216,690</u>	 <u>\$ 34,558,751</u>	 <u>\$ (29,810)</u>
Medical Assistance			
NF-MH Program -- All Funds	\$ 15,557,320	\$ 14,357,893	\$ 0
State General Fund	6,801,169	5,901,094	0
 Total -- All Funds	 \$ 56,116,243	 \$ 41,871,347	 \$ (73,247)
 Total -- SGF	 \$ 42,017,859	 \$ 40,459,845	 \$ (29,810)
 FTE Positions	 10.0	 10.0	 --

Agency Request/Governor's Recommendation

The agency requests FY 1996 funding of \$40.6 million (\$35.2 million SGF). Included in the request is \$926,742 for the treatment of sexually-violent predators, \$1.82 million in expansions for mental retardation grants, and \$17.8 million for mental health reform.

The Governor recommends FY 1996 funding for community mental health services of \$41.9 million (\$34.6 million SGF). The amount recommended by the Governor is greater than the amount requested by the agency because of the inclusion of funding from a federal grant that was received after submission of the agency's FY 1996 budget request. The Governor does not recommend the new initiatives that the agency requested, but does concur in the requested funding for the treatment of sexually-violent predators and for mental health reform.

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Senate Subcommittee Recommendation (Community Mental Health)

1. Add \$50,000 from the State General Fund to increase the state match for federal vocational rehabilitation funds for employment training for people with mental illness. The added funding will leverage approximately \$177,000 in federal funding for vocational training.
2. During the 1994 Session, \$2.0 million (\$810,200 State General Fund) was deleted from the budget of the Department of Social and Rehabilitation Services based upon projected savings from the recommended implementation of a capitated managed-care plan for the mental health portion of the agency's Medicaid budget. The recommendation to implement such a plan, known colloquially as a "carve-out" for mental health services, was never followed by the former Secretary of SRS, despite strong support from consumers and many sectors of the State Legislature.

The Subcommittee continues to support the concept of a carve-out. Studies have shown that states that have carried out such a plan have experienced initial savings of three to 10 percent through carve-outs, with the escalation of costs in subsequent years being held down. The Subcommittee is disappointed that SRS ignored the wishes of the Legislature as expressed during the 1994 Session to proceed with the setting up of a carve-out. The former Secretary of SRS attempted to create a carve-in for mental-health services under Medicaid managed care, ignoring the fact that primary-care physicians are generally unable to assess and treat the mental-health needs of individuals with mental illness. Attempts by consumers and service providers to discuss this issue with the former Secretary after the 1994 Session were ignored.

The Subcommittee believes that a carve-out would allow for the provision of more and better services to individuals with mental illness, with a savings of state dollars. The Governor did not restore the \$2.0 million in either FY 1995 or FY 1996. To the Subcommittee, this suggests that the Governor is also in favor of realizing the savings that could be achieved through the carve-out for Medicaid managed care. In light of this, the Subcommittee strongly recommends that the Acting Secretary proceed quickly with plans to create a carve-out, and to keep the Legislature--and specifically, the House Subcommittee examining this budget--informed of the progress of the carve-out during the Session.

4. The Subcommittee notes that the Governor's recommended budget provides full funding for mental health reform in FY 1996 (another payment of \$891,297 will be due in FY 1997, according to the mental health reform financing agreement). The table below shows the amount of funding provided for mental health reform in FY 1994, 1995, and 1996, and the cumulative bed closings that have occurred at the state's mental health hospitals.

	Actual FY 94	Gov. Rec. FY 95	Gov. Rec. FY 96
Mental Health Reform Funding	\$ 12,201,332	\$ 15,455,010	\$ 17,825,952
Beds Closed Through Mental Health Reform	142	202	269

The Subcommittee believes that, because of the progress that is being made in the care and treatment of persons with mental illness in the community, it is inevitable that the state will continue to require fewer beds in the state's mental health hospitals. The number of beds that will be required to meet the state's needs will continue to decline to such a point where it will no longer make financial sense to continue to maintain four mental health institutions, with their large fixed costs, which are a drain both on the state's budget and on funding for community services for people with mental illness.

The Subcommittee believes that the time has come to consolidate services at the state's MH institutions, and to close one of those institutions. The Subcommittee realizes that this is a difficult step for the state to take, and knows that if the consolidation and closure are to be successful, there must be unity of purpose among all involved, *i.e.*, consumers of mental health services, their family members, service providers, the Department of SRS, schools and local governments, law enforcement and the court system, and local hospitals.

~~Because unity of purpose will be essential in the consolidation and closure of an institution, and because support of the Executive Branch will be essential for the success of the closure process, the Subcommittee recommends that the Governor appoint an independent commission to design and recommend a plan for consolidation of hospital services for the mentally ill, and the closure of an MH institution to the Legislature. Such a commission would include members of the following groups:~~

◆Consumers of Mental Health Services	◆Family Members of Consumers; including Hospital Consumers	◆SRS
◆CMHCs	◆Schools	◆Local Governments
◆Local Hospitals	◆The Court System	◆Law Enforcement
◆Other Expertise available within State Government.		

~~The commission's charge would include, but would not be limited to:~~

- ~~◆ Examination of how other states have confronted the problem of consolidating services among state mental health hospitals, and the closure of such a hospital.~~

- ~~◆ Examine the ramifications that closing an institution would have upon clients, communities, schools, hospitals, the court system and law enforcement and the remaining institutions, and develop proposals to address those ramifications.~~
- ~~◆ Develop proposals for the improvement of mental health services to adolescents and young adults in all areas of the state. (The Subcommittee heard disturbing testimony from a parent about the lack of support, treatment and care resources that were available for her adolescent child. Although the Legislature is frequently told about the success of mental health reform, anecdotal evidence suggests that cases like the one about which the Subcommittee heard are not isolated phenomena. Such incidents tend to undermine confidence in mental health reform. The Subcommittee knows that until the problem of providing services to adolescents and young adults is addressed, it will be necessary to maintain the availability of youth hospital beds in all areas of the state.)~~
- ~~◆ Develop plans for addressing the impact of consolidation and closure upon state employees.~~
- ~~◆ Develop proposals for addressing the impact of consolidation and closure upon the affected communities.~~
- ~~◆ Choose an institution to be closed, and develop a timetable, beginning in FY 1996, for consolidating services among hospitals and closing the chosen hospital.~~
- ~~The commission could work with outside experts and consultants as necessary in developing its proposals, plans and timetable. The Governor may wish to consider proposing a modest plan for the financing of the commission's work to the Legislature at Omnibus time.~~
- ~~The commission would make its report to the Legislature by the beginning of the 1996 Legislative Session.~~

5. Put funding for the Governor's salary plan (\$123,247 all funds, \$79,810 SGF) in another bill. (N.B. These figures are MHRS divisionwide. They include both the Division's Mental Health *and* Mental Retardation programs.)

Senate Committee Recommendation (Community Mental Health)

Concur with the Subcommittee, except:

1. Strike language from the Subcommittee Report as indicated above.

2. The Committee recommends that the Governor appoint an advisory committee to recommend which of the state's mental health hospitals should be closed. The advisory committee should make a recommendation to the Legislature by 20 April 1995. The factors that the advisory committee should consider in making its recommendation should include, but are not limited to:

- ◇ The savings to the state of an institutional closing and its impact on funding for community services for the mentally ill.
- ◇ The impact of an institutional closure on the quality of services provided to consumers.
- ◇ The economic impact that institutional closure would have upon the institution's host community.
- ◇ The possibility that the institution's physical plant might be able to house another state facility, *e.g.*, a prison.
- ◇ The impact of closure upon the institutions staff, and the possibility of staff members finding employment, either with the state, service providers for people with mental illness or other private-sector employment.

Senate Committee of the Whole Recommendation

The Senate Committee added a proviso to the MHRS appropriation which states: "that an advisory committee appointed by the governor to recommend which of the states mental health and mental retardation hospitals should be closed shall make its recommendation to the legislature on January 8, 1996."

<u>Mental Health Services</u>	<u>Senate Rec. FY 96</u>	<u>House Sub. Adj.</u>	<u>House Sub. Rec.</u>
Mental Health Administration	\$ 1,387,259	\$ 0	\$ 1,387,259
State Aid	10,032,644	0	10,032,644
Mental Health Reform	17,825,952	0	17,825,952
Mental Health Grants	11,221,755	100,000	11,321,755
Federal Special Projects	1,287,340	0	1,287,340
Court-Ordered Evaluations	43,150	0	43,150
Total--All Funds	\$ 41,798,100	\$ 100,000	\$ 41,898,100
Total--SGF	\$ 34,528,941	\$ 100,000	\$ 34,628,941
 Medical Assistance			
NF-MH Program -- All Funds	\$ 14,357,893	\$ 0	\$ 14,357,893
State General Fund	5,901,094	0	5,901,094
Total -- All Funds	\$ 56,155,993	\$ 100,000	\$ 56,255,933
Total -- SGF	\$ 40,430,035	\$ 100,000	\$ 40,530,035
 FTE Positions	 10.0	 10.0	 10.0

1-8

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate's recommendations, with the exceptions noted below:

1. Transfer \$100,000 (SGF) from the state mental health hospitals to community mental health programs.
 - a. Use \$50,000 for the expansion of consumer-run treatment programs. This will increase the number of such programs from 13 to 14, and the number of consumers receiving treatment in such programs from about 600 to about 650. These programs are important for the maintenance of self-esteem in persons with mental illness, as well as because of the socialization opportunities that they provide.
 - b. Use \$50,000 for the expansion of children's case management services. Although Mental Health Reform has addressed to a degree the needs of children with severe emotional disorders, its primary focus has been on adults. The Subcommittee's recommendation is half the amount that the agency requested, and will allow for approximately 25 percent of Community Mental Health Center providers to be trained in providing case management services for children.
2. The question of adequate case management services for children, and adequate community mental health services for children in general, needs to be very closely examined in light of the probable closing of a state mental health institution.
3. The Subcommittee calls the Committee's attention to the fact that five southeast Kansas community mental health centers have written and received a five-year, \$11.7 million federal grant, the aim of which is the creation of family-centered mental health services for children, particularly for children in rural areas, where there is a special dearth of children's mental health services.

Whereas the problems of providing community mental health services to adults have, to a large degree, been dealt with in an orderly and methodical way through mental health reform, the approach to providing mental health services to children has been far more piecemeal. Problems encountered with regard to mental health services for children undermine confidence in the success of mental health reform, and closure of children's and adolescent beds at the state mental health hospitals will be impossible until these problems are resolved. It is the hope of the Subcommittee that the southeast-Kansas project will offer the state some guidance in this regard.

4. The Subcommittee concurs with the Governor's recommendation of \$10.03 million for state aid to community mental health centers. The Subcommittee notes that this has been the level of state aid to CMHCs for the past eight years.
5. The agency requested \$1,250,000 for the implementation of a mental health family subsidy for families of children with serious emotional disturbances. The Subcommittee feels that the mental retardation family subsidy is a very family-friendly and empowering method of service delivery for families of children with mental retardation, freeing families from dependence upon bureaucrats and special-interest groups and organizations. The Subcommittee thinks that the idea of expanding the subsidy to families of children with serious emotional disturbances has merit, and believes that the issue should be revisited by next year's Legislature.
6. The Subcommittee calls the Committee's attention to the fact that the Acting Secretary of SRS has recently announced that mental health services will not be included in the agency's program for Medicaid managed care. However, she does not appear to have decided to implement a capitated managed-care program for mental health services. The Subcommittee encourages the Acting Secretary to take advantage of the savings that such programs have been proven to provide in other states, and to act on the desire of the Legislature as expressed during the last session and in the Senate Subcommittee's report.
7. The Subcommittee notes that FY 1997 will be the final year of mental health reform. The Subcommittee believes that the Legislature should begin to examine the question of whether there should be a successor program to mental health reform, *e.g.*, a mental health reform act targeted at children and youth. Another possibility for a successor for mental health reform is 1995 House Bill 2537, which would allow CMHCs to enter into service contracts for state hospital beds. In any case, the Subcommittee believes that the momentum of deinstitutionalization needs to be continued, and is pleased that the agency is searching for ways in which Medicaid funding can be used in as broad a manner as possible, both in institutional and community settings.

SUBCOMMITTEE REPORT

Agency: SRS Community Mental
Retardation Services

Bill No. 236

Bill Sec. 6

Analyst: Colton

Analysis Pg. No. 899

Budget Page No. 485

<u>Mental Retardation Services</u>	<u>Agency Estimate FY 95</u>	<u>Governor's Recommendation FY 95</u>	<u>Senate Subcommittee Adjustments</u>
MHRS			
MR/DD Administration	\$ 534,269	\$ 529,760	\$ 0
State Aid	5,963,174	5,963,174	0
Mental Retardation Grants	12,999,656	12,999,656	0
Community and Day Living	10,073,396	10,073,396	0
Family Subsidy	1,150,000	1,150,000	0
Family Support	1,583,052	1,583,052	0
Special Projects	200,000	200,000	0
Parent Assistance Network	100,000	100,000	0
HCBS-MR Waiver Field Staff	581,111	578,357	0
Total	<u>\$ 33,184,658</u>	<u>\$ 33,177,395</u>	<u>\$ 0</u>
 SGF	 \$ 23,390,406	 \$ 23,385,261	 \$ 0
Medical Assistance			
ICFs/MR	\$ 38,504,368	\$ 37,989,581	\$ 0
HCBS-MR Program	41,962,734	41,939,996	0
Total	<u>\$ 80,467,102</u>	<u>\$ 79,929,577</u>	<u>\$ 0</u>
 State Funds	 \$ 32,943,232	 \$ 32,723,169	 \$ 0
 TOTAL -- All Funds	 \$ 113,651,760	 \$ 113,106,972	 \$ 0
State Funds	\$ 56,333,638	\$ 56,108,430	0
 FTE Positions	 24.0	 24.0	 0.0

Agency Estimate/Governor's Recommendation

The agency requests FY 1995 expenditures in the amount of \$113.6 million. Of this amount, \$56.3 million is from the State General Fund. The estimate includes funding for the HCBS/MR program and for ICF/MR services in the medical services budget. For FY 1995, the Governor recommends \$113.1 million (\$56.1 million SGF) for mental retardation services. This includes spending for the ICF/MR program and for the HCBS-MR waiver program.

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Senate Subcommittee Recommendation

Concur.

Senate Committee Recommendation

Concur.

House Subcommittee Recommendation

Concur.

SUBCOMMITTEE REPORT

Agency: SRS -- Community Mental Retardation Services

Bill No. 343

Bill Sec. 1

Analyst: Colton

Analysis Pg. No. 899

Budget Page No. 485

Mental Retardation Services	Agency Request FY 96	Governor's Recommendation FY 96	Senate Subcommittee Adjustments
MHRS			
MR/DD Administration	\$ 552,137	\$ 556,100	\$ 0
State Aid	5,963,174	5,963,174	0
Mental Retardation Grants	14,645,021	12,448,511	54,674
Community and Day Living	10,073,396	10,073,396	0
Family Subsidy	1,600,000	1,150,000	150,000
Family Support	1,983,052	1,583,052	0
Special Projects	200,000	200,000	0
Parent Assistance Network	100,000	0	100,000
HCBS-MR Waiver Field Staff	602,197	604,351	0
Total	\$ 35,718,977	\$ 32,578,584	\$ 304,674
 SGF	 \$ 25,923,757	 \$ 22,784,618	 \$ 0
Medical Assistance			
ICFs/MR	\$ 39,850,000	\$ 39,850,000	\$ 0
HCBS-MR Program	48,733,387	50,825,932	0
Total	\$ 88,583,387	\$ 90,675,932	\$ 0
 State Funds	 \$ 36,788,681	 \$ 37,657,715	 \$ 0
 TOTAL -- All Funds	 \$ 124,302,364	 \$ 123,254,516	 \$ 304,674
State Funds	\$ 62,712,438	\$ 60,442,333	304,674
 FTE Positions	 24.0	 24.0	 0.0

Agency Request/Governor's Recommendation

The agency requests \$35.7 million (\$22.7 million) in FY 1996. This is an increase of \$2.5 million dollars over the agency's revised current year estimate. The request includes a \$1.6 million increase in mental retardation grants, a \$450,000 increase in requested funding for the family subsidy, a \$400,000 increase in funding for family support services, and continued funding for the Parent Assistance Network.

The Governor recommends FY 1996 funding of \$32.6 million, which is a decrease of \$600,000 from the revised current year recommendation. The Governor continues most services at the FY 1995 level, but decreases base funding base for mental retardation grants, and does away with funding for the Parent Assistance Network.

Senate Subcommittee Recommendation (Community Mental Retardation Services)

1. Funding for the Governor's recommended salary plan was moved to another bill in the subcommittee report on community mental health services.
2. Restore \$450,000 SGF in base funding for special purpose grants in FY 1996. These grants serve clients whose funding from vocational rehabilitation grants has expired. The Governor, in his recommendations, did not restore funding that had been removed from the budget in FY 1995 because of one-time audit exceptions (\$228,500), and made a further reduction of \$221,500 to the funding base. Because of the decreased services that these reductions would signify for clients receiving services through special purpose grants, the Subcommittee recommends the restoration of funds deleted from the funding base.
3. Add \$150,000 SGF to annualize family subsidy services for 125 families who received services for six months in FY 1995. The funding necessary to serve those families in FY 1995 was added by the 1994 Legislature. The Subcommittee does not think it is appropriate to begin services for these families only to cut off services after six months, and, therefore, recommends the restoration of this funding.
4. Add \$100,000 SGF for the Parent Assistance Network (PAN). Funding for the PAN was begun in FY 1995 by the Legislature. The Subcommittee has heard compelling testimony from family members and advocates that the PAN has provided valuable guidance and direction to families of children with MR/DD on how to find services for these children. The Subcommittee believes that the PAN is a successful program, and deserving of continued state support.
5. Delete \$395,326 SGF which would have provided the state match for federal vocational rehabilitation (VR) grants. These grants are time-limited, and clients served with these grants usually require special purpose grants in order to continue services. Although it might be tempting to provide the state match in order to receive the federal money in FY 1996, the federal funding is, in reality, a financial Trojan Horse, since it will cost a million dollars SGF in FY 1997 to provide services for FY 1996 VR clients.

The Governor did not fund continued services in FY 1996 for FY 1995 VR clients. This would suggest to the Subcommittee that this program is not a high priority for the Governor. Instead, the Governor expanded services under the HCBS waiver in order to place 91 clients from the state institutions in community settings. (He did this with money taken out of hospital budgets, and not with new money.)

The Subcommittee regrets the reduction in services that this reduction will cause. However, if the money for the state match were to remain in the budget, it would

only be fair to add \$1 million for those currently being served on VR grants. In light of the state's financial crisis, the Subcommittee was unwilling to do this. Instead, the Subcommittee made restorations of funds according to priorities indicated by the agency to the Subcommittee.

6. The difficult choices that the Subcommittee was required to make with regard to funding illustrate the conundrum that the State is facing in the provision of services people with mental retardation. Demands for services in the community continue to increase, but cannot be met as long as the state continues to invest about \$70 million in the state hospitals. Confounding the situation further is the fact that the closure of a hospital will not, in the short run, decrease costs for either institutional care or community services.

The Subcommittee believes that, in the long run, in order to provide adequate funding for community mental retardation services, and generally to reduce the strain on the state budget of maintaining three state mental retardation institutions, the time has come to consolidate services among the three institutions, and to develop a process to close one of those institutions.

If continued downsizing at our state mental retardation institutions takes place, it should be possible to support the remaining population at two, rather than three, institutions. If there is a reduction of 91 clients by 1 July 1996, as called for in the Governor's recommendations, the combined end-of-year census for all three institutions will be 650. It is anticipated that these 650 clients could be housed in two hospitals with a continued downsizing to an SRS-determined optimal size of 250 clients per hospital.

The Subcommittee notes that a further reduction of 150 clients will be necessary during FY 1997 and 1998 in order to reach the ideal population of 250 clients per institution. The Subcommittee recommends that SRS continue to plan placements of hospital clients in order to reach this goal.

With regard to which of the state's mental retardation institutions should be closed, the Subcommittee recommends that this decision be made by the Senate Committee on Ways and Means.

In the alternative, the Senate Committee on Ways and Means could designate a method for this decision to be made.

Factors to be considered in the process of making the decision on which institution to close could include:

- ▣ The savings to the state of an institutional closing and its impact on funding for community services for the mentally retarded and developmentally disabled.
- ▣ The impact of an institutional closure on the quality of services provided to clients.

- ▣ The economic impact that institutional closure would have upon the institution's host community.
- ▣ The possibility that the institution's physical plant might be able to house other state services or programs.
- ▣ The impact of closure upon the institutions staff, and the possibility of staff members finding employment, either with the state, service providers for people with MR/DD, or other private-sector employment.

In the opinion of the Subcommittee, planning for the closure process should begin immediately. The consolidation of services among the institutions and the closure of the chosen institution should begin in FY 1996.

Senate Committee Recommendation (Community Mental Retardation)

Concur with the Subcommittee, except:

1. The Committee recommends that the Governor appoint an advisory committee to recommend which of the state's mental retardation hospitals should be closed. The advisory committee should make a recommendation to the Legislature by 20 April 1995. The factors that the advisory committee should consider in making its recommendation should include, but are not limited to:
 - ▣ The savings to the state of an institutional closing and its impact on funding for community services for the mentally retarded.
 - ▣ The impact of an institutional closure on the quality of services provided to consumers.
 - ▣ The economic impact that institutional closure would have upon the institution's host community.
 - ▣ The possibility that the institution's physical plant might be able to house other state programs or services.
 - ▣ The impact of closure upon the institutions staff, and the possibility of staff members finding employment, either with the state, service providers for people with mental retardation or other private-sector employment.

Senate Committee of the Whole Recommendation

The Senate Committee added a proviso to the MHRS appropriation which states: "that an advisory committee appointed by the governor to recommend which of the states mental health and mental retardation hospitals should be closed shall make its recommendation to the legislature on January 8, 1996."

Expenditure	Senate Rec. FY 96	House Subcommittee Adjustments	House Subcommittee Recommendations
MHRS			
MR/DD Administration	\$ 556,100	\$ 0	\$ 556,100
State Aid	5,963,174	0	5,963,174
Mental Retardation Grants	12,503,185	1,321,000	13,824,185
Community and Day Living	10,073,396	0	10,073,396
Family Subsidy	1,300,000	300,000	1,600,000
Family Support	1,583,052	0	1,583,052
Special Projects	200,000	0	200,000
Parent Assistance Network	100,000	0	100,000
HCBS-MR Waiver Field Staff	604,351	0	604,351
Total	<u>\$ 32,883,258</u>	<u>\$ 1,621,000</u>	<u>\$ 34,504,258</u>
SGF	\$ 23,089,292	\$ 1,621,000	\$ 24,710,092
Medical Assistance			
ICFs/MR	\$ 39,850,000	\$ 0	\$ 39,850,000
HCBS-MR Program	50,825,932	0	50,825,932
Total	<u>\$ 90,675,932</u>	<u>\$ 0</u>	<u>\$ 90,675,932</u>
State Funds	\$ 37,657,715	\$ 0	\$ 37,657,715
TOTAL -- All Funds	\$ 123,559,190	\$ 1,621,000	\$ 125,180,190
State Funds	\$ 60,747,007	\$ 1,621,000	62,368,007
FTE Positions	24.0	0.0	24.0
Vocational Rehabilitation	\$ 2,970,824	\$ (395,326)	\$ 2,512,498

House Subcommittee Recommendations

The House Subcommittee concurs with the Senate recommendations, but makes the following changes:

1. Add \$1,000,000 SGF in FY 1996 for current Vocational Rehabilitation clients. Vocational rehabilitation clients are served by time-limited federal grants that are matched with state funds. After the expiry of the federal grants, clients have traditionally been placed on SGF special purpose grants in the amount of \$1,000,000. In FY 1996, however, neither the Governor nor the Senate provided

this funding. This means that clients leaving the vocational rehabilitation grants will either face a cut-off of services, or will have to be served within existing resources, meaning that all clients will have a reduced level of services. (The great majority of these clients do not qualify for the HCBS/MR waiver.)

The Senate Subcommittee deleted the state match for the federal vocational rehabilitation funds in FY 1996. The House Subcommittee concurs with this action, but feels that it would be unfair to end services to those clients who are currently being served by VR funds. This is the reason for the addition of the \$1,000,000.

2. Add \$321,000 for start-up costs for the 91 clients being placed out of the state's mental retardation institutions under the Governor's recommendations. Clients leaving the institutions require funding for furnishings, special equipment and other items. Information provided to Subcommittees dealing with the community MR budget in previous years showed that lack of start-up funding was one of the major reasons for the slowness of client placements from state hospitals. The Subcommittee's recommendation allows for start-up costs of just over \$3,500 per client. Information supplied by community providers shows that the usual cost per client is often greater than the amount.
3. Transfer \$300,000 SGF from the state mental retardation hospitals (the amount to be taken from each hospital will be determined by SRS) to the community MR family subsidy program. The money will allow for the addition of 125 families to the family subsidy for a full year. The family subsidy is, in the opinion of the Subcommittee, one of the most cost-effective means of allowing families to have access to services. It is also a very family-friendly and empowering means of providing services, since the money goes directly to families, who can use the money *according to need as determined by each family*, rather than being filtered through a special-interest group or organization.

The family subsidy provides \$200 per month per family. Members of the Subcommittee have heard from constituents who have indicated that, in some cases, they could do with less money. SRS indicated that it has standardized the subsidy at \$200 per month because it does not have the manpower to determine the need level of each family, which would be needed if varying amounts were to be paid to different families. It is the Subcommittee's desire, however, that the agency study ways in which a varying-amount subsidy could be provided, and also that clearer criteria be developed for eligibility for the family subsidy program be developed. (Selection is currently random; families with children 17 or under with developmental disabilities and incomes of less than \$65,000 per year are eligible for participation. If a family receives the subsidy, it cannot receive other services funded through MHRS.)

4. The Subcommittee notes that the amount recommended by the Governor for the HCBS-MR waiver is about \$2.1 million (about \$800,000 SGF) more than was requested by the agency. This is because money was taken out of the state hospital budgets in order to place 91 clients leaving the hospitals on the waiver. The

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additional funding for the waiver in the Governor's recommendation is not new money.

5. The Subcommittee notes that Sub. for H.B. 2458 ("The Developmental Disabilities Reform Act") has been passed by the House of Representatives and has now been referred to the Senate Committee on Ways and Means. If the bill is passed by the Senate and signed into law by the Governor, funding needs caused by the bill can be addressed at Omnibus time.
6. With regard to the closure of a state mental retardation institution, the Subcommittee agrees with the Senate that the Governor should appoint an advisory committee to help him to deal with this issue. The Subcommittee sees the advisory committee's role as recommending which of the institutions should be closed, where the institution should be closed, and developing policies and procedures for the institutional closing.

The Subcommittee notes that concern remains about how the closure of Norton State Hospital was accomplished, and how funding for clients placed out of Norton was structured.

Of special concern to the Subcommittee is the fact that the tiered-rate system of funding for community placements has been flat since FY 1991, and that a rate for people in Tier I of the Developmental Disabilities Profile has never been developed for small-bed ICFs/MR. Since people who leave the institutions are often in Tier I of the DDP, providers who agree to provide services to these persons often do so at a loss. This is, in the Subcommittee's view, an untenable situation over the long run, and is probably one of the major stumbling blocks to the placement of individuals from institutions into the community. Providers will begin not to accept clients if they can only provide services to them at a loss.

In light of this, the Subcommittee recommends that the agency work to establish a Tier-I rate for small-bed ICFs/MR. The establishment of such a rate would free up local funding, and would allow community providers to provide services to other individuals, e.g., those individuals for whom the Subcommittee added services in item no. 1. It is also the Subcommittee's recommendation that funding for large-bed and small-bed ICFs/MR be separated into two line items.

The Subcommittee also feels that the agency and the legislature must work together to ensure that funding for community services takes increases in the cost of living into account.

7. The Subcommittee notes that it is the goal of the agency to move clients from at least one large-bed ICF/MR into more appropriate community placements during FY 1996, and to close the ICF/MR. The following table shows the population of small- and large-bed ICFs/MR in FY 1994, 1995 and 1996 (projected):

ICF/MR Client Population

<u>Size</u>	<u>Year-End FY 1994</u>	<u>Year-End FY 1995</u>	<u>January 1, 1996</u>
Large-Bed (> 17 beds)	655	655	606
Small-Bed (< 16 beds)	321	306	306
Total	976	961	912

8. The Subcommittee is concerned about the fact that, as services available for persons with mental retardation and developmental disabilities improve, the universe of people found to need such services continues to expand. The fact that the number of people found to need MR/DD services continues to grow leads the Subcommittee to believe that we must begin to look hard at the level of services that we are providing to persons with mental retardation and developmental disabilities. The Subcommittee is concerned that SRS and community providers are continuing to design top-of-the-line service programs for all persons with MR/DD. While, in the ideal world, we would want to provide all clients with all possible services, the economic realities are such that this simply is not possible. The agency and community providers should keep this in mind when they design service programs and submit funding requests.
9. The Subcommittee recommends the deletion of \$395,326 from the VR line item of the SRS budget. The money was shifted from the MR line item to the VR line item by the Senate Subcommittee on SRS (except MHRS). The Subcommittee believes that the Legislature needs to have a policy discussion on the wisdom of accepting time-limited federal funds which, upon expiration, create a perceived entitlement to continued state funding.

Kansas Advocacy and Protective Services (KAPS)

1. The Subcommittee calls the Committee's attention to the fact that a 1994 federal review of the KAPS program found that it constituted a conflict of interest to have KAPS, which is a non-profit agency that administers protection and advocacy programs, also administer the guardianship program for the State of Kansas. The Subcommittee notes further that 1995 Senate Bill 342 would sever the guardianship program into a separate Kansas Guardianship Program. If 1995 S.B. 342 is passed by the Legislature and signed by the Governor, funding needs created by the bill can be addressed at Omnibus time.

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Bill Brief On Substitute For H. B. 2455

As recommended by the House Appropriations Subcommittee on Social Services

Sub. for H. B. 2455 provides for the transfer of the responsibility for the administration of certain long term care programs from the Secretary of Social and Rehabilitation Services to the Secretary of Aging. The single point of entry for access to services shall be the area agencies on aging, independent living centers, or other community entities designated by the Secretary of Aging. The bill provides for the phased-in transfer of programs beginning on or before July 1, 1996. The following summarizes the timelines outlined in the bill:

Income Eligible Home Care - Transferred on or before July 1, 1996

Home and Community Based Waiver Program for Nursing Facility - Transferred on or before July 1, 1997 (Subject to the approval of the federal government)

Medicaid Nursing Facility Services - A plan of the feasibility of this transfer is to be presented to the Legislature on or before January 1, 1997, with a progress report on or before January 1, 1996.

Management of all Medicaid funding as well as the long term care programs for persons with mental illness, mental retardation, and other developmental disabilities would remain the responsibility of the Secretary of Social and Rehabilitation Services.

The bill also provides for the transfer of monetary and personnel resources associated with the transferred programs to the Department on Aging, with the specification that direct service delivery staff currently maintained by the Department of Social and Rehabilitation Services will not be employees of the state but may be contractual employees of the Secretary on Aging. The Secretary on Aging shall also establish an oversight committee to assist with the transition. Finally, the bill directs the two agencies to share data systems to maximize the efficiency of program operations and ensure federal requirements are met.

3/23/95
Appropriations Cmte
Attachment 2