

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 19, 1996 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Laura Howard, Legislative Research Department
Patricia Pierron, Legislative Research Department
Susan Wieggers, Legislative Research Department
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

SB 713: **Appropriations for FY 97, department of social and rehabilitation services, state mental health and mental retardation institutions and Kansas guardianship program**

The Chairman noted that only those subcommittee reports on the mental health hospitals, community mental health services, mental retardation hospitals, and community MR/DD services would be reviewed in this meeting.

Systemwide recommendations for Mental Health Institutions (Attachment 1)
Larned State Hospital (Attachment 2)
Osawatomie State Hospital (Attachment 3)
Rainbow Mental Health Facility (Attachment 4)
Topeka State Hospital (Attachment 5)

Senator Burke reviewed the systemwide recommendations for mental health institutions and the FY 96 and FY 97 subcommittee reports for Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, and Topeka State Hospital.

A member inquired whether reductions of FTE positions at Topeka State Hospital would affect accreditation. Dr. Hugh Sage, Commissioner of Mental Health and Retardation Services, stated that staffing ratios in reference to the MH and DD in the hospitals will still be adequate to meet the specific requirements of HCFA and the Joint Commission.

Senator Karr requested that the Department define the "efficiencies found in the Mental Health and Developmental Disabilities system" that would allow 60 of the 90 beds to remain in operation. (see item 1, Attachment 1-2). Commissioner Sage told members that the Department identified 126 FTE management, clerical and administrative support positions which could be cut from the MH and DD hospitals, and that the annualized savings in FY 96 from these positions would be adequate to maintain the bed level in FY 97 at the same capacity that is required this year except for the chemical dependency units.

Senator Brady noted that the agency looks at mental health, mental retardation, the institutions, and communities as one system and the subcommittees evaluate the individual segments of the budget and have to rely on the assurance of the agency that the monies are there to transfer. He suggested that one subcommittee be assigned to study the mental health and the mental retardation budgets next year.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 19, 1996.

Concern was expressed that there would be further reductions in the number of beds at Larned State Hospital. There was lengthy discussion with Commissioner Sage regarding psychiatric beds at Osawatomie and Larned State Hospitals, which was an item in the Systemwide Observations report and in the Minority report.

There was some discussion regarding the estimates of costs associated with providing community services in FY 97 as closure of Topeka State Hospital is begun. Secretary Chronister, Department of Social and Rehabilitation Services, stated that the Department is assessing the needs of individual CMHCs in different parts of the state and also must realize that not all clients can be moved to the community. She indicated that the Department has to look at the whole budget rather than just at the Topeka catchment area, and the appropriations bill is structured to allow funding where it is needed in the community. The Chairman added that the purpose of the single line item in the Department's budget is to provide flexibility in moving resources as beds close, the demand for services in the hospitals diminishes, and community programs are developed. Senator Petty voiced her concern, not about the flexibility of the funds, but about the adequacy of funding to accomplish the goals of closure.

SRS--Community Mental Health Services

Senator Burke reviewed the FY 96 and FY 97 subcommittee reports (Attachment 6).

Minority Report

Senator Brady reviewed his minority report (Attachment 7).

It was moved by Senator Morris and seconded by Senator Moran that the subcommittee reports for the Community Mental Health Services be amended by the inclusion of language that would assure that the 60 adult psychiatric beds at Larned and Osawatomie state hospitals would be maintained. The motion carried on a voice vote.

Senator Moran stated that it was his understanding that the subcommittee had heard testimony that there are programs and monies available in the communities to treat indigent persons who are dependent on alcohol or drugs. He noted that this testimony contradicts what he hears from local officials in his district and inquired where persons with substance abuse problems would go in his community if the substance abuse programs at Osawatomie and Larned are closed. Secretary Chronister stated that she would provide the name of the service provider in Senator Moran's district but explained that one bed in the state hospital which is now used to provide a 30 day treatment program will be used to provide detoxification for 3-5 days. Following detoxification, these persons will move to community programs. In answer to a question, Sec. Chronister stated that \$500,000 was provided by the Governor in the Alcohol and Drug Abuse Program in the SRS budget to provide resources in the community for this purpose. She stated that she would provide information regarding who would pay for the beds.

It was moved by Senator Lawrence and seconded by Senator Burke that the subcommittee reports on the Systemwide Recommendations, Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility and Topeka State Hospital be adopted. The motion carried on a voice vote with Senator Moran voting "no."

Senator Burke moved, Senator Lawrence seconded, that the subcommittee reports on Community Mental Health Services as amended be adopted.

Senator Petty offered a substitute motion which was seconded by Senator Rock that the subcommittee report on Community Mental Health Services be amended by language that the Committee expand funding for CMHCs during Omnibus. Senator Brady noted that the same thing could be accomplished if the Committee would adopt his recommendation (item 3, Attachment 7-3) to fund the last phase of Mental Health Reform. Senator Petty withdrew her substitute motion.

Senator Brady offered a substitute motion to amend the Community Mental Health Services subcommittee report by including \$891,297 from the State General Fund in FY 97 to fund the final payment of Mental Health Reform. The motion was seconded by Senator Karr and carried on a voice vote.

It was moved by Senator Burke and seconded by Senator Morris, that the Community Mental Health Services subcommittee reports as amended be adopted. The motion carried on a voice vote.

State Mental Retardation Institutions

Senator Morris reviewed the FY 96 subcommittee reports on the Kansas Neurological Institute, Parsons State Hospital and Training Center, and Winfield State Hospital and Training Center (Attachment 8). He then

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 19, 1996.

reviewed the FY 97 subcommittee reports for the same state mental retardation institutions (Attachment 9).

Senator Rock noted that a nonprofit entity was developing to provide outreach and clinical health care services for MR/DD clients in south central Kansas. Senator Rock moved, Senator Burke seconded, that the Winfield subcommittee report be amended by recommending that SRS have the discretion to transfer equipment and miscellaneous items deemed appropriate by SRS for use by this entity or other nonprofit entities for serving MR/DD clients. He noted that his concern was that any items that were not peculiar to a particular individual would be transferred to one of the other hospitals and stated that his intent would be that the authority to transfer the items would not be mandatory but would be at the discretion of the agency. Senator Burke inquired whether Senator Rock had checked in regard to statutes on surplus properties. Senator Rock stated that a change in statute could be made if necessary. It was not known whether the Department has this authority under current statute, but Sec. Chronister noted that the agency would have no objection to the proposed amendment. The motion carried on a voice vote.

It was moved by Senator Morris and seconded by Senator Karr that the subcommittee reports as amended on the mental retardation institutions be adopted. The motion carried on a voice vote.

SRS -- Community Developmental Disabilities Services

Senator Morris reviewed the FY 96 and FY 97 subcommittee reports (Attachment 10). He urged members to remember that any monies associated with the closure of state hospitals should be targeted toward the development of community services.

Senator Petty noted that the CDDOs would incur administrative costs in assuming duties under the Developmental Disabilities Reform Act and inquired if there were any savings identified in SRS to support these costs. Secretary Chronister told members that SRS is not performing these duties now because this is a new program and, therefore, there are no cost savings. The Chairman inquired what monies are designated and given to the CDDOs to carry out these functions. The Secretary stated that with the expansion of services, \$5 million was given to the CDDOs as part of a general rate increase.

The Chairman distributed a summary which was compiled by Jason Brewer, his intern, of material that was presented at the beginning of the 1996 legislative session regarding the placement of developmentally disabled clients into the community (Attachment 11).

It was moved by Senator Rock and seconded by Senator Morris that the FY 96 and FY 97 subcommittee reports on Community Developmental Disabilities Services be adopted. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:55 P.M. The next meeting is scheduled for March 20, 1996.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: MARCH 19, 1996

NAME	REPRESENTING
DE N N I C DENNIS CABBAGE	D.S. N.W.K.
ROBERT D. MACDONALD ROBERT RARTRYE	D.S. N.W.K.
Gene Westerman	D.S. N.W.K.
Stuart Little	City of Topeka
Ellen Pichalkiewicz	Assoc. of CARRS
Michelle Peterson	Peterson Public Affairs
Luth Lang	DSNWK
Karin Edwards	OSNWK
Gerald & Lila Kumpke	Topeka
Cindy Wallace MNH	Larned Area Co of SRS
Cheryl Moore	Sennise, Inc Larned, KS
Donna Elross	Pawnee County
Roxey J. Smith	Pawnee County - LCMHF
Patricia Hermsen	Pawnee County - LCMHF
Saul Jacoby	Advocates for Citizens w/Retardation
Barb Helm	ARCare
Maurice Luman - 195	TECH

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: MARCH 19, 1996

NAME	REPRESENTING
Sharon Huffman	Kansas Commission on Disability Concerns
Jz Pfo	Ks Council on Disability & Disabilities
Benny O'Neil	Ks Advocacy Protective Services
Susan Briggs	Topeka Independent Living Resource Center
Jane Cedam	Keep for Retooling
Paula Byron	KMHC
Jim Miller	The Arc of Douglas County
Lisa Boulton	The Arc of Douglas County
Renee Johnson	THE ARC OF DOUGLAS COUNTY
Kathy Lobb	THE ARC OF DOUGLAS COUNTY
Genevieve Remyz	The Arc of Douglas Co.
Sean Ameller	The Arc of Douglas Co.
Esther Cutte	Riverside Resources, Inc. CDDO of Leavenworth
Janice Denney	Riverside Resources, Inc. CDDO of Leavenworth
Arlan Holmes	Division of Budget
Janet Schalamsky	SRS
John Garlinger	SRS
DON POUND	SRS
Rochelle Chronister	SRS

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: March 19, 1996

NAME	REPRESENTING
Brenda Mayne	TECH, Inc.
Josie Torrez	Families Together, Inc.
Marcia Williams	Families Together, Inc.
Shannon Jones	SILCK
Gina McDonald	KACIL
Jan Kela	KGP.
Mrs Burns	LSH
John Skelton	✓
Dennis Martin	Larned Area Chamber of Commerce
Debra Deidich	THE RESOURCE CENTER FOR INDEPENDENT LIVING
Ramona Neumann	JCDS - parent - Johnson County
Diane Eady	Larned, KS
D. (no last name)	Larned, KS

SUBCOMMITTEE REPORT

Senate Bill 713

Larned State Hospital

Osawatomie State Hospital

Rainbow Mental Health Facility

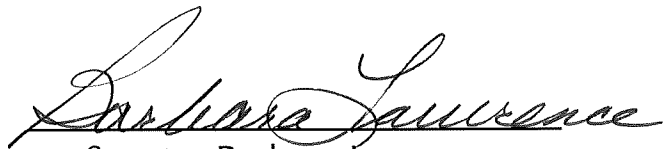
Topeka State Hospital

Community Mental Health Services



Senator Paul "Bud" Burke, Chair

Senator Bill Brady



Senator Barbara Lawrence

*Senate Ways & Means
March 19, 1996
Attachment 1*

Mental Health Institutions Systemwide Recommendations

Senate Subcommittee Recommendations

1. **Bed Closures.** The Subcommittee heard information regarding the closure of the 90 adult psychiatric beds at Larned, Osawatomie and Topeka State Hospitals as well as the closure of 65 Inpatient Chemical Dependency beds at Osawatomie (45 beds) and Larned (20 beds).

SRS testified that due to efficiencies found in the Mental Health and Developmental Disabilities system some of these beds could remain in operation within the current overall budget. Information provided indicated that 60 of the 90 adult psychiatric beds would remain in place at Larned and Osawatomie but that 30 beds would be closed at Topeka.

The Subcommittee was also informed that some, more limited, chemical dependency services would be provided at Larned and Osawatomie for dually diagnosed patients (mental illness/chemical dependency). Seven psychiatric beds at Larned and eight psychiatric beds at Osawatomie would be utilized for detoxification of dually diagnosed persons admitted to the hospital. After detoxification, those patients (and other dually diagnosed patients admitted but not requiring detoxification) would be treated on the general psychiatric wards as opposed to in a separate unit as they are now. According to testimony from SRS, approximately 30 percent of the patients treated in the chemical dependency units now are dually diagnosed patients. The agency believes that these patients can be treated on the general psychiatric wards within current budget and staffing limitations. Chemical dependency counselors would be shifted from the closed chemical dependency units to treat the patients on the wards. The remaining FTE positions in the two units will either be absorbed by the hospitals by filling now vacant positions or by attrition.

2. **Topeka State Hospital Employees.** The Subcommittee expressed concern regarding the quality of care for the patients at Topeka State as the closure date nears. The Subcommittee believes that a package which provides incentives to stay until closure should be looked at to ensure that quality staff remain at the hospital to care for the patients until the doors are closed. There has been some action in the House regarding such a package and the Senate Ways and Means Committee should appoint a subcommittee to begin working on a similar package.

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. –

Bill Sec. –

Analyst: Wiegiers

Analysis Pg. No. 980

Budget Page No. 383

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 15,612,748	\$ 15,123,500	\$ 0
Special Revenue Funds	14,910,145	14,910,145	0
TOTAL	<u>\$ 30,522,893</u>	<u>\$ 30,033,645</u>	<u>\$ 0</u>
FTE Positions	808.6	808.6	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>808.6</u>	<u>808.6</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's revised FY 1996 estimate is \$30,522,893 which is a decrease of \$143,242 below the amount approved by the 1995 Legislature as adjusted by Finance Council action. Of the total estimate, \$15,612,748 is from the State General Fund, \$2,065,651 is from the General Fee Fund, \$12,756,013 is from the Title XIX Fund, and \$88,481 is from Federal Education Funds. A total of \$92,884 is estimated for capital improvement projects from the State Institutions Building Fund.

FY 1996 is the third and final year of required Mental Health Reform downsizing at Larned State Hospital. The agency plans to close one 30-bed adult ward during the fiscal year. The agency has already closed 30 adult beds in both FY 1995 and FY 1994. This final closure results in a reduction of 21.8 FTE positions beginning in FY 1997.

The Governor recommends \$30,033,645 in FY 1996, a reduction of \$519,248 (1.7 percent) below the agency estimate. Of the total recommendation, \$15,123,500 is from the State General Fund, \$2,065,651 is from the hospital fee fund, \$12,756,013 is from the Title XIX fund, and \$88,481 is from federal education funds. The Governor concurs with the agency request for capital improvements in FY 1996. The Governor's recommendation includes a reduction for decreased health insurance rates and retirement reductions (\$330,432).

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 713

Bill Sec. 2

Analyst: Wieggers

Analysis Pg. No. 980

Budget Page No. 383

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 17,361,239	\$ 14,872,586	\$ (210,210)
Special Revenue Fund	13,421,719	13,119,529	(201,964)
TOTAL	<u>\$ 30,782,958</u>	<u>\$ 27,992,115</u>	<u>\$ (412,174)</u>
FTE Positions	816.6	739.8	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>816.6</u>	<u>739.8</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency requests FY 1997 state operations funding of \$30,782,958, an increase of \$260,065, or 0.9 percent, above the FY 1996 estimate. The agency requests no funding for capital improvement projects in FY 1997. Larned completes required downsizing in FY 1996 by closing a 30-bed adult ward. This closure will result in a reduction of 21.8 FTE in FY 1997.

For FY 1997, the hospital is requesting that it be able to relocate the minimum security Chemical Dependency Recovery Program operated for the DOC from Jung Building to Jenkins Hall. A 34-bed maximum security ward will be established in Jung building, staffed by 29.8 FTE positions. The agency reports that no facilities renovations will be needed in Jung Building. The agency requests the retention of 21.8 FTE positions scheduled to be eliminated due to Mental Health Reform downsizing and requests 8.0 new FTE positions to staff this expanded security unit. The additional 8.0 new FTE are required due to higher staffing requirements for security wards.

The Governor does not recommend the expansion of the security ward at this time. The recommendation does not include the retention of the 21.8 FTE due to be eliminated after the closure of an adult ward in FY 1996 in completion of Mental Health Reform. In addition, the 8.0 new FTE are not recommended.

The agency proposes phasing out the inpatient Substance Abuse program during the first quarter of FY 1997. The 20.5 FTE in the program are funded for three months.

The Governor concurs with the closure of the Substance Abuse program.

Senate Subcommittee Recommendation

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

1. Delete \$412,174, including \$210,210 from the State General Fund, based on the recommendation to delete funding for the six month 2.5 percent unclassified merit pool (\$33,081); classified step movement (\$263,117); and the longevity bonus (\$115,976) from individual agency budgets.

SUBCOMMITTEE REPORT

Agency: Osawatomi State Hospital

Bill No. –

Bill Sec. –

Analyst: Wiegors

Analysis Pg. No. 1001

Budget Page No. 413

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,468,104	\$ 7,224,423	\$ 0
Special Revenue Funds	14,173,171	14,160,883	0
TOTAL	<u>\$ 21,641,275</u>	<u>\$ 21,385,306</u>	<u>\$ 0</u>
FTE Positions	571.0	571.0	0.5
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>571.0</u>	<u>571.0</u>	<u>0.5</u>

Agency Estimate/Governor's Recommendation

The agency's revised FY 1996 estimate is \$21,641,275 which is a decrease of \$82,005, or 0.4 percent below the amount approved by the 1995 Legislature as adjusted by Finance Council action. The decrease is the hospital's share of the overall SRS reduction in SGF spending. Of the total estimate \$7,468,104 is from the State General Fund, \$2,102,702 is from the General Fee Fund, \$12,018,469 is from the Title XIX Fund, \$22,000 is from the Federal Education Fund, and \$30,000 is from the agency's Motor Pool Revolving Fund. A total of \$63,241 is estimated for capital improvements from the Institutional Rehabilitation and Repair Fund.

The Governor recommends operating expenditures of \$21,385,306 for FY 1996, a reduction of \$255,969 below the agency estimate. The recommendation includes \$7,224,423 State General Fund, \$2,102,702 general fee fund, \$12,006,181 Title XIX Fund and \$22,000 federal education funds. The 1.5 percent State General fund reduction directed by the Governor is not included in the estimate or recommendation because SRS elected to take the reduction at other hospitals. The recommendation includes a reduction in salaries and wages of \$167,354 to reflect decreased health insurance rates and retirement reductions. The Governor concurs with the agency request for capital improvements.

Senate Subcommittee Recommendation

1. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 8, which increases the FTE position limitation at Osawatomi State Hospital by 0.5 FTE position. This is a currently funded position which was inadvertently left out of the original Governor's recommendation for FY 1996.

*Senate Ways & Means
March 19, 1996
Attachment 3*

SUBCOMMITTEE REPORT

Agency: Osawatomi State Hospital

Bill No. 713

Bill Sec. 2

Analyst: Wieggers

Analysis Pg. No. 1001

Budget Page No. 413

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 7,596,310	\$ 6,248,772	\$ (55,329)
Special Revenue Funds	13,547,660	13,547,660	(235,877)
TOTAL	<u>\$ 21,143,970</u>	<u>\$ 19,796,432</u>	<u>\$ (291,206)</u>
FTE Positions	571.0	532.0	0.5
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>571.0</u>	<u>532.0</u>	<u>0.5</u>

Agency Req./Governor's Recommendation

The agency requests FY 1997 state operations funding of \$21,143,970, a decrease of \$497,305, or 4.4 percent below the FY 1996 estimate. The agency request no capital improvement funding.

Osawatomi State Hospital is requesting the establishment of a new fund in FY 1997. The title of the new fund is the Training Fee Fund and it would be a no limit fund used to collect fees from training classes provided by the Staff Education and Research program.

Due to a mandate from the Secretary of Social and Rehabilitation Services, the agency plans to eliminate the inpatient Chemical Dependency program on September 17, 1996. The agency requests 32.0 FTE positions for the first three months of FY 1997. The agency proposes to move the 5.0 FTE Chemical Dependency Counselors to the Psychiatric Services program during FY 1997 as it is anticipated that significant numbers of this type of patient will appear on the psychiatric wards after the Chemical Dependency program is closed.

The Governor concurs with the closure of this program but does not recommend the transfer of the 5.0 FTE positions. These positions are eliminated in the Governor's recommendation for FY 1997.

The Governor recommends expenditures of \$19,796,432 for FY 1997, a decrease of \$1,347,538 below the agency request. The recommendation includes \$6,248,772 State General Fund, \$1,713,299 general fee fund, \$11,783,361 Title XIX fund, \$16,000 federal education funds, \$30,000 Motor Pool Revolving Fund, and \$5,000 Education and Training Fund (new for FY 1997). The recommendation for salaries and wages includes longevity pay (\$75,036), 2.5 percent unclassified merit increases for six months (\$23,772) and classified step movement (\$304,538). The Governor recommends 532.0 FTE positions, a decrease of 39.0 FTE below the agency request. The FTE reductions are due to the closure of a 30-bed adult ward (21.0 FTE) and other hospital downsizing (18.0 FTE). The Governor recommends no funding for capital improvements. Also, there is no funding recommended for capital outlay.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following exception and comment:

1. Delete \$291,206, including \$55,329 from the State General Fund, based on the recommendation to delete funding for the six month 2.5 percent unclassified merit pool (\$22,583); classified step movement (\$197,339); and the longevity bonus (\$71,284) from individual agency budgets.
2. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 8, which increases the FTE position limitation at Osawatomie State Hospital by 0.5 FTE position. This is a currently funded position which was inadvertently left out of the original Governor's recommendation for FY 1997.

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility

Bill No. –

Bill Sec. –

Analyst: Wiegiers

Analysis Pg. No. 1020

Budget Page No. 423

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 2,565,419	\$ 2,507,975	\$ 0
Special Revenue Funds	3,257,121	3,257,121	0
TOTAL	<u>\$ 5,822,540</u>	<u>\$ 5,765,096</u>	<u>\$ 0</u>
FTE Positions	136.4	136.4	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>136.4</u>	<u>136.4</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency's revised FY 1996 estimate is \$5,822,540 which is the same amount as approved by the 1995 Legislature as adjusted by Finance Council action. Of the total estimate, \$2,565,419 is from the State General Fund, \$172,488 is from the General Fee Fund, \$3,051,633 is from the Title XIX Fund, and \$33,000 is from the Chapter I Federal Education Fund. No capital improvements are anticipated in FY 1996.

The Governor recommends \$5,765,096 for FY 1996, a decrease of \$57,444 or 1.0 percent below the agency estimate. The recommendation includes \$2,507,975 State General Fund, \$172,488 RMHF Fee Fund, \$3,051,633 Title XIX fund and \$33,000 Federal Education fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

*Senate Ways & Means
March 19, 1996
Attachment 4*

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility

Bill No. 713

Bill Sec. 2

Analyst: Wiegars

Analysis Pg. No. 1020

Budget Page No. 423

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State General Fund:			
State Operations	\$ 2,972,591	\$ 2,901,017	\$ (37,773)
Special Revenue Funds	2,995,513	2,957,417	(39,314)
TOTAL	\$ 2,995,513	\$ 2,957,417	\$ (77,087)
FTE Positions	136.4	136.4	-
Unclassified Temp. Positions	0.0	0.0	-
TOTAL	136.4	136.4	-

Agency Request/Governor's Recommendation

The agency requests FY 1997 state operations funding of \$5,968,104, an increase of \$145,564, or 2.5 percent, above the FY 1996 estimate. The agency requests no funding for capital improvement projects.

The Governor recommends operating expenditures of \$5,858,434 for FY 1997, a decrease of \$109,670 or 1.8 percent below the agency request. The recommendation includes \$2,901,017 State General Fund, \$141,408 RMHF Fee Fund, \$2,783,009 Title XIX fund and \$33,000 Federal Education funds. No changes are made to the FTE position limitation. No capital improvements are recommended.

Senate Subcommittee Recommendation

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

1. Delete \$77,087, including \$37,773 from the State General Fund, based on the recommendation to delete funding for the six month 2.5 percent unclassified merit pool (\$7,291); classified step movement (\$63,427); and the longevity bonus (\$6,369) from individual agency budgets.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 428

Bill Sec. 16

Analyst: Wieggers

Analysis Pg. No. 1,032

Budget Page No. 501

<u>Expenditure Summary</u>	<u>Agency Estimate FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 6,552,126	\$ 5,790,320	-
Special Revenue Funds	15,089,854	15,334,955	-
TOTAL	<u>\$ 21,641,980</u>	<u>\$ 21,125,275</u>	<u>-</u>
FTE Positions	570.1	570.1	0.0
Unclassified Temp. Positions	4.0	0.0	4.0
TOTAL	<u>574.1</u>	<u>570.1</u>	<u>4.0</u>

Agency Estimate/Governor's Recommendation

The agency's revised FY 1996 estimate is \$21,641,980 which is a decrease of \$111,359, or 1.8 percent, below the amount approved by the 1995 Legislature as adjusted by Finance Council action (\$21,753,339). Of the total estimate, \$6,552,126 is from the State General Fund, \$5,311,697 is from the General Fee Fund, \$9,677,339 is from the Title XIX Fund, and \$100,818 is from Federal education funds. No capital improvements are planned in FY 1996.

The Governor recommends expenditures of \$21,125,275 for FY 1996. Of the recommendation, \$5,790,320 is from the State General Fund, \$5,565,126 is from the Hospital Fee Fund, \$9,669,011 is from the institutional Title XIX Fund, and \$100,818 is from federal education funds. The recommendation is a decrease of \$516,705, or 2.4 percent, below the agency estimate. Current year reductions were made for decreases in health insurance rates. Salaries and wages were reduced by \$533,333 to meet the 1.5 percent State General Fund reduction directed by the Governor.

Topeka State Hospital entered into a comprehensive medical contract (CMC) with Liberty Healthcare Corporation (Liberty) effective October 1, 1995. Liberty will operate the on-grounds clinics, be responsible for payment of off-site medical services, provide pharmacy services, and provide physician-of-the-day coverage. The costs and FTE associated with this contract are accounted for in the Allied Clinical Services subprogram.

Nineteen and a half (19.5) FTE are committed to this contract. Vacant positions included in the 19.5 FTE count, but are not funded in salaries and wages. The negotiated contract amount includes state employee salaries. Monthly total transfers for employee costs will be deducted from monthly total billing due Liberty. As attrition occurs, Liberty will be responsible for provision of services and recruitment of staffing as necessary. The agency requests \$946,697 in FY 1996 and \$1,316,420 in FY 1997 for this contract.

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Attachment 5*

The Governor concurs with the funding of this contract in FY 1996 and recommends \$1,266,461 in FY 1997, a decrease of \$49,959.

The Hospital entered into a custodial services contract for the rental space in the Red Brick buildings occupied by SRS effective September 1, 1995.

Three and one-half (3.5) FTE are committed to this contract. According to the agency, if the contractor proves to be successful in providing services to the tenants, these 3.5 FTE could be reduced from the authorized FTE. The agency requests funding of \$52,583 in FY 1996 and \$63,100 in FY 1997 for the contract.

The Governor concurs with the funding of this contract in FY 1996 and FY 1997.

Senate Subcommittee Recommendation

1. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 9, which adds 4.0 Unclassified Temporary positions to the original Governor's recommendation for FY 1996. These positions were inadvertently left out of the recommendation and are currently funded positions.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 713

Bill Sec. 2

Analyst: Wiegiers

Analysis Pg. No. 1032

Budget Page No. 501

<u>Expenditure Summary</u>	<u>Agency Request FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 6,562,686	\$ 5,079,245	\$(75,583)
Special Revenue Funds	15,620,342	15,620,342	(239,343)
TOTAL	<u>\$ 22,183,028</u>	<u>\$ 20,699,587</u>	<u>\$ (314,926)</u>
FTE Positions	570.1	530.1	0.0
Unclassified Temp. Positions	4.0	0.0	4.0
TOTAL	<u>574.1</u>	<u>530.1</u>	<u>4.0</u>

Agency Request/Governor's Recommendation

The agency requests \$22,183,028 for state operations funding in FY 1997, an increase of \$541,048, or 2.5 percent, above the FY 1996 estimate. The agency requests no funding for capital improvement projects. The increase in state operations funding is attributable to salaries and wages, contractual services and capital outlay with an offsetting decrease in commodities.

The Governor recommends \$20,699,587 for FY 1997, a decrease of \$1,483,441 (6.7 Percent) below the agency request. The recommendation includes \$5,079,245 from the State General Fund, \$6,573,235 from the Hospital Fee Fund, \$8,946,289 from the Title XIX Fund, and \$100,818 from federal education funds. A total of 40.0 FTE are eliminated and one 31-bed adult ward is recommended for closure. The recommendation for salaries and wages includes reductions for decreased health insurance rates. It also includes classified step movement, unclassified merit increases for six months, and longevity payments for employees at the end of their range.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following exception and comment:

1. Delete \$314,926, including \$75,583 from the State General Fund, based on the recommendation to delete funding for the six month 2.5 percent unclassified merit pool (\$16,378); classified step movement (\$243,012); and the longevity bonus (\$55,536) from individual agency budgets.
2. The Subcommittee concurs with Governor's Budget Amendment No. 1, Item 9, which adds 4.0 Unclassified Temporary positions to the original Governor's

recommendation for FY 1997. These positions were inadvertently left out of the recommendation and are currently funded positions.

SUBCOMMITTEE REPORT

Agency: SRS -- Community Mental Health Services

Bill No. 715

Bill Sec. 8

Analyst: Howard

Analysis Pg. No. 969

Budget Page No. 483

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,315,770	\$ 6,157,930	\$ 0
Aid to Local Units	71,411,595	70,078,427	0
Other Assistance	1,300,000	1,300,000	0
TOTAL	<u><u>\$ 79,027,365</u></u>	<u><u>\$ 77,536,357</u></u>	<u><u>0</u></u>
State General Fund:			
State Operations	\$ 3,082,039	\$ 2,936,019	\$ 0
Aid to Local Units	54,430,432	53,097,264	0
Other Assistance	1,300,000	1,300,000	0
TOTAL	<u><u>\$ 58,812,471</u></u>	<u><u>\$ 57,333,283</u></u>	<u><u>0</u></u>
Other Funds:			
State Operations	\$ 3,233,731	\$ 3,221,911	\$ 0
Aid to Local Units	16,981,163	16,981,163	0
Other Assistance	0	0	0
TOTAL	<u><u>\$ 20,214,894</u></u>	<u><u>\$ 20,203,074</u></u>	<u><u>0</u></u>
FTE Positions	65.6	65.6	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	<u><u>65.6</u></u>	<u><u>65.6</u></u>	<u><u>--</u></u>

* Figures do not include funding for the Developmental Disabilities Planning Council. Includes Governor's Budget Amendments submitted as of March 5, 1996.

Agency Est./Governor's Recommendation

The agency estimates current year expenditures of \$79,027,365 for the Division of Mental Health and Developmental Disabilities Services. This is \$2.2 million more than the approved amount. It is due mostly to changes in the Home- and Community-Based Services/Mental Retardation (HCBS/MR) Waiver. During the current fiscal year, SRS anticipates moving people who are served through special purpose grants to the HCBS/MR waiver. Changes in funding that this move will entail are not, however, reflected in the revised current year budget estimate.

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The Governor, essentially, concurs with the agency estimate while making technical changes. There is one exception to this, however: the Governor reduces by \$1.33 million the amount allocated from special purpose grants to people with mental retardation. Some of that funding should be switched to the HCBS/MR waiver in a Governor's budget amendment during the 1996 Session. Mental Health services are maintained at the approved level.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

SUBCOMMITTEE REPORT

Agency: SRS – Community Mental Health Services

Bill No. 713

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 969

Budget Page No. 483

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,716,053	\$ 6,399,650	\$ 0
Aid to Local Units	73,717,602	74,526,205	0
Other Assistance	1,500,000	1,300,000	0
TOTAL	<u>\$ 81,933,655</u>	<u>\$ 82,222,955</u>	<u>0</u>
State General Fund:			
State Operations	\$ 3,423,796	\$ 3,147,954	\$ 0
Aid to Local Units	56,884,996	53,693,699	0
Other Assistance	1,500,000	1,300,000	0
TOTAL	<u>\$ 61,808,792</u>	<u>\$ 58,141,653</u>	<u>0</u>
Other Funds:			
State Operations	\$ 3,292,257	\$ 3,251,696	\$ 0
Aid to Local Units	16,832,606	20,832,606	0
Other Assistance	0	0	0
TOTAL	<u>\$ 20,124,863</u>	<u>\$ 24,084,302</u>	<u>0</u>
FTE Positions	69.6	65.6	-
Unclassified Temp. Positions	0.0	0.0	-
TOTAL	<u>69.6</u>	<u>65.6</u>	<u>-</u>

* Figures do not include funding for the Developmental Disabilities Planning Council. Includes Governor's Budget Amendments submitted as of March 5, 1996.

Agency Req./Governor's Recommendation

The agency requests \$81,933,655 in FY 1997, of which \$1.586 million is for MHDD Administration, \$44.42 million is for mental health services, \$34.906 million is for developmental disabilities services, and \$1.03 million is for other, federally-funded small programs. (Also requested and discussed within this analysis is a request for \$1.507 million in federal funding for the federally-mandated Developmental Disabilities Planning Council.)

The Governor recommends \$78,225,955 in FY 1997. Of this, \$1.55 million is for MHDD Administration, \$44.3 million is for mental health services, and \$31.4 million is for developmental disabilities services. He also recommends \$1.02 million for other federally-funded small programs. (The Governor recommends \$1.496 million for the Developmental Disabilities Planning Council.)

- **Mental Health Services.** Within Mental Health Services, the agency proposes to begin the implementation of a mental health quality assurance program. The program, when fully implemented, would provide 12 regional quality assurance staff to work with community mental health centers in establishing and maintaining quality programs. The agency proposes to implement the program over three years' time. Funding for four FTE positions (\$122,016) and for necessary OOE (\$36,692) is requested in FY 1997. **The Governor does not recommend the positions requested by the agency.**

The Governor recommends \$17.8 million from the State General Fund for funding of mental health reform. The 1990 finance plan for Mental Health Reform indicates that full funding for Mental Health Reform in FY 1997 would be \$18.7 million.

The Governor's budget calls for the closure of 20 substance-abuse beds at Larned State Hospital (resulting in a savings of \$437,017 SGF/\$645,173 All Funds), and 45 substance-abuse beds at Osawatomi State Hospital (\$686,963 SGF/\$1,037,608 All Funds). The Governor does propose giving Alcohol and Drug Abuse Services at SRS \$500,000 in order to finance community services that will be needed as a result of the closure of those beds.

The Governor proposes to close 30 adult beds at Topeka State Hospital, Larned State Hospital and Osawatomi State Hospital. This will result in a reduction of an average of 26 FTE positions and \$800,000 at each state mental health hospital. These reductions are over and above the reductions called for by mental health reform.

State aid to Community Mental Health Centers is budgeted at \$10,032,644 in FY 1995, FY 1996 and FY 1997.

- **Closure.** The Governor's original budget recommendation includes \$1.0 million from the State General Fund for unspecified closure costs. A subsequent Governor's Budget Amendment shifted \$1,260,000 in FY 1996 funding to hospital closure and added \$4.0 million in federal disproportionate share funds in FY 1997 for one-time closure expenditures.

Senate Subcommittee Recommendation

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

1. **Closure Funding.** The Subcommittee is concerned about the speculative nature of the \$4.0 million from disproportionate share funds recommended in the Governor's Budget Amendment for closure purposes. Not only has the state not yet received federal approval of its amended disproportionate share plan to allow

it to claim these funds, at least one other state which has received approval is not presently receiving payments. In addition, an informal written response from a regional Health Care Financing Administration (HCFA) administrator, although not authoritative, suggests that this funding is, at a minimum, uncertain. The Subcommittee does not believe that the remaining \$2.3 million recommended by the Governor for closure will be sufficient to fund all necessary costs associated with closure, particularly those related to community mental health services. The Subcommittee recommends that the issue of closure funding be revisited during the Omnibus Session, by which time the formal response from HCFA regarding the disproportionate share funding should have been received.

2. **Mental Health Reform.** The Subcommittee would note that the Governor's recommendation for mental health reform funding totals \$17.8 million in FY 1997, the same amount as approved for FY 1996. The original financing plan for mental health reform provided for annual increases in funding to community mental health centers through FY 1997. The original package totaled \$18.7 million, or \$891,297 more than proposed by the Governor. However, according to information provided by SRS, with the FY 1996 appropriation for mental health reform, the full implementation of community service expansion and hospital bed closure has been accomplished. In fact, the final 30 hospital beds were closed at Larned State Hospital during October, 1995, making a total of 272 beds closed through mental health reform. The Subcommittee was informed that no expansion of services or further bed closure is requested of community mental health centers in FY 1997 as a part of mental health reform. In fact, last fiscal year, although the four state mental health hospitals had 234,695 psychiatric beds available, only 198,449 beds (or 84.5 percent) were used during the year, equating to approximately 100 beds vacant on an average day. The Subcommittee is aware that the community mental health centers have planned for receipt of the last payment of mental health reform and had no reason to believe that the funding would not be forthcoming in FY 1997. However, the Subcommittee would note that the counties have other funding sources available as well, including county mill levy funds. Counties may levy up to 2 mills for mental health services, but a 1995 county mill levy survey indicated that only one county (Crawford) is levying at the maximum level. In fact, the average levy at that time was 0.82 mills. The Subcommittee would also note that Medicaid funding for community mental health centers in the Medicaid budget has grown substantially in the last several years, with the state providing one-half of the State General Fund match and the community mental health centers providing the other half. Funding in the SRS medical assistance budget for community mental health services has grown from \$14.0 million in FY 1993 to more than \$19.0 million in the current fiscal year.
3. **Consumer Programs.** The Subcommittee heard a request from consumer-run organizations for up to \$1.0 million in funding. Currently, \$310,000 is allocated to consumer-run programs. These programs have proven to be very cost-effective and important parts of the community support system for persons receiving community mental health services. The Subcommittee recommends that SRS consider these programs as it continues development of a comprehensive closure plan, including allocation of some portion of closure

funds to these services. In addition, the Subcommittee believes that consumers are important stakeholders who should be included in agency planning in a number of areas, including the closure plans, the agency's development of a new five-year strategic plan for the next phase of mental health reform, the development of performance measures and quality assurance initiatives, and decisions made by the agency regarding annual grants and contracts. The Subcommittee learned of the agency's plans to hold regional hearings and encourages such efforts to include stakeholders in its decision-making.

4. **\$800,000 Pass-Through Cut to CMHCs.** The Subcommittee would remind the full Committee that the 1994 Legislature reduced the budget of SRS by \$2.0 million, including \$800,000 from the State General Fund in anticipation of savings related to a recommendation to capitate mental health services under the Medicaid program. SRS passed this budget reduction on to the community mental health centers. The pass-through cut was restored by the 1995 Legislature for FY 1995, but in FY 1996 and FY 1997, the community mental health centers are required to contribute this additional amount to match federal Medicaid funds. The Subcommittee is concerned about this loss of funding and the impact this is having on the centers and its consumers.

5. **Sexual Predator Treatment Costs.** The Subcommittee would note that the SRS mental health services budget includes \$925,161 from the State General Fund for treatment costs associated with the sexual predator program. In the event that the United States Supreme Court declines to hear the appeal of the Kansas Supreme Court decision, and the program is discontinued, this funding will no longer be needed. The Subcommittee recommends review of this issue during the Omnibus Session.

MINORITY REPORT

Senate Bill 713

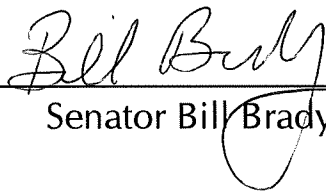
Larned State Hospital

Osawatomie State Hospital

Rainbow Mental Health Facility

Topeka State Hospital

Community Mental Health Services



Senator Bill Brady

*Senate Ways & Means
March 19, 1996
Attachment 7*

MINORITY REPORT

I disagree with the recommendations and conclusions of the Majority report in the following areas:

Mental Health Hospitals

1. **Bed Closures.** I am very concerned about the Governor's recommendation to close 90 adult psychiatric beds at Osawatomie, Topeka and Larned State Hospitals as well as 65 Inpatient Substance Abuse beds at Osawatomie (45 beds) and Larned (20 beds). The success of Mental Health Reform was based largely on a phased-in financing plan which ensured that proper funding for services followed the patients. Before each of the nine units were closed, money was allocated to the appropriate community mental health center(s) to ensure that proper services would be available to the patients leaving the hospital. The Governor's recommendation to close the 65 substance abuse beds, which cost approximately \$1.8 million per year all funds to operate, has no such funding. The Governor recommended only \$500,000 additional State General Fund for Alcohol and Drug Abuse Services funding at SRS. I do not believe the \$500,000 will be adequate to provide the necessary services. Further, the units are to be closed in the first quarter of FY 1997 but the additional funding will not be available until FY 1997. This does not give adequate time or money for services to be established. Finally, there was no recommendation to provide additional funding or a planning process for the closure of the 90 adult psychiatric beds.

Community Mental Health Services

1. **Flexibility.** Although I am supportive of the agency's initiative to begin operating the community and institutional components as a single system, and the flexibility offered through a single State General Fund line-item, such flexibility also would permit the agency to shift resources between the mental health and developmental disabilities system. I do not believe that funded should be shifted between the mental health and developmental disabilities systems – the needs in both areas are great -- and one system should not be supported to the detriment of the other.

2. **Closure Plans.** I am disappointed that the Department has not been able to share more detailed closure plans with the Legislature. In particular, there is no long-range financing plan for closure, nor is there a comprehensive blueprint of how and when beds are to be closed. Although an operations plan has been presented, the timelines in the plan make it likely that most of the major decisions relating to closure will occur after the adjournment of the Legislature. Although the actual decision on which specific hospitals to close was made only recently, the Department has known since at least 1991 that such closure was imminent. In my mind, more planning should have been in place prior to the closure decision, and I am

concerned about the lack of foresight shown in this regard.

3. Mental Health Reform. Add \$891,297 from the State General Fund for the last payment of mental health reform. The financial plan for mental health reform was developed in a manner which included all of the stakeholders, and I believe that an obligation was made by the state to fully fund the services at the levels included in the original financing plan. I believe it is particularly critical to keep faith both as the state seeks to close a state hospital and as the agency begins to develop and implement a new five-year strategic plan with which to pursue mental health reform in Kansas now that all of the specific requirements of the 1990 mental health reform act have been accomplished. I believe it would be extremely difficult to establish a foundation for a new plan in an environment of distrust of the agency by community providers and consumers. It is essential that SRS not develop plans on a unilateral basis, but rather, that all stakeholders (consumers, families, advocates and providers) be included in the process. SRS has indicated that a portion of the disproportionate share funding it hopes to receive will be allocated on a discretionary basis to the community mental health centers and has suggested that this could "replace" the last payment of mental health reform. Apart from the fact that receipt of these funds is speculative, I do not believe that those funds will be sufficient for all of the costs associated with closure. I strongly urge restoration of the last payment of mental health reform to this budget.

STATE MENTAL RETARDATION INSTITUTIONS

FY 1996 and FY 1997

Kansas Neurological Institute

Parsons State Hospital and Training Center

Winfield State Hospital and Training Center

*Senate Ways & means
March 19, 1996
Attachment 8*

**State Mental Retardation Institutions
FY 1996 Systemwide Overview and Recommendations**

Expenditure	Agency Est. FY 96	Gov. Rec. FY 96	Senate Subcommittee Adjustments
State Operations:			
Kansas Neurological Institute			
State General Fund	\$ 12,870,664	\$ 12,324,656	\$ 0
Title XIX	11,069,203	11,054,318	0
General Fees Fund	741,487	740,831	0
Other Funds	217,621	217,621	0
Subtotal--KNI	<u>\$ 24,898,975</u>	<u>\$ 24,337,426</u>	<u>\$ 0</u>
Parsons State Hospital			
State General Fund	\$ 7,745,399	\$ 7,758,583	\$ 0
Title XIX	9,695,744	9,695,744	0
General Fees Fund	751,270	751,270	0
Subtotal--PSH&TC	<u>\$ 18,192,413</u>	<u>\$ 18,205,597</u>	<u>\$ 0</u>
Winfield State Hospital			
State General Fund	\$ 12,604,789	\$ 11,838,698	\$ 0
Title XIX	13,140,455	13,140,455	0
General Fees Fund	1,340,534	1,340,534	0
Subtotal--WSH&TC	<u>\$ 27,085,778</u>	<u>\$ 26,319,687</u>	<u>\$ 0</u>
Total Operating SGF--All Hospitals	\$ 33,220,852	\$ 31,921,937	\$ 0
Total Operating Funds--All Hospitals	\$ 70,177,166	\$ 68,680,710	\$ 0
Capital Improvements:			
KNI	\$ 93,977	\$ 93,977	\$ 0
Parsons	179,721	179,721	0
Winfield	124,593	124,593	0
Total Cap. Imps.--All Hospitals	<u>\$ 398,291</u>	<u>\$ 398,291</u>	<u>\$ 0</u>
GRAND TOTAL--ALL HOSPITALS	\$ 70,575,457	\$ 69,079,001	\$ 0
FTE Positions:			
KNI	765.0	765.0	--
Parsons	525.0	525.0	--
Winfield	816.5	799.5	--
Total FTE--All Hospitals	<u>2,106.5</u>	<u>2,089.5</u>	<u>--</u>
Average Daily Census			
KNI	236	236	--
Parsons	213	213	--
Winfield	244	244	--
Total ADC--All Hospitals	<u>693</u>	<u>693</u>	<u>--</u>

SUBCOMMITTEE REPORT

Agency: Kansas Neurological Institute **Bill No. –** **Bill Sec. –**
Analyst: Pierron **Analysis Pg. No. 47** **Budget Page No. 359**

Agency Estimate/Governor's Recommendation

The agency's revised FY 1996 estimate is \$24,992,952, or \$50,336 less than the amount approved by the 1995 Legislature. Of the total estimate, \$24,898,975 is for state operations and \$93,977 is for capital improvements.

Of the total FY 1996 estimate for operating expenditures, \$12,870,664 is from the State General Fund and \$12,028,311 is from special revenue funds. The estimate for spending from the State General fund is \$128,201 less than the amount approved by the 1995 Legislature, and the estimate for spending from special revenue funds is \$77,865 more than the amount approved by the 1995 Legislature. The agency's revised estimate includes \$93,977 for capital improvements, which was not included in the approved FY 1996 budget. However, funding for repair and maintenance projects for this institution is appropriated to the Department of Social and Rehabilitation Services which then, in turn, transfers funds to the various institutions for specific projects. Operating expenditures are reduced by \$144,313 associated with continuing downsizing of the institution.

The agency began FY 1996 with 815.5 FTE positions and estimates achieving the level approved by the FY 1995 Legislature, 765.0 FTE, by the end of FY 1996. The 1995 Legislature approved the downsizing of the FTE positions over the course of the fiscal year to ease the movement of residents from the institution into community settings.

The Governor recommends FY 1996 state operations funding of \$24,337,426, a decrease of \$561,549 from the agency estimate. Of the reduction, \$546,008 is from the amount requested from the State General Fund and \$15,541 is from the amount requested for special revenue funds. The Governor concurs with the 765.0 FTE positions included in the agency estimate. The Governor increases the shrinkage rate by 0.2 percent.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

SUBCOMMITTEE REPORT

Agency: Parsons State Hospital
and Training Center

Bill No. –

Bill Sec. –

Analyst: Pierron

Analysis Pg. No. 1061

Budget Page No. 417

Agency Estimate/Governor's Recommendation

The agency's revised 1996 estimate is \$18,372,134, or \$86,112 more than the amount approved by the 1995 Legislature, as adjusted by State Finance Council action. Of the total estimate, \$18,192,413 is for operating expenditures and \$179,721 is for capital improvements.

Of the total FY 1996 estimate for operating expenditures, \$7,745,399 is from the State General Fund and \$10,447,014 is from special revenue funds. The estimate for spending from the State General Fund is \$93,609 less than the amount approved by the 1995 Legislature, and the estimate for spending from special revenue funds is \$179,721 more than the amount approved by the 1995 Legislature. The FY 1996 revised estimate includes capital improvement funding of \$179,721.

The Governor recommends operating expenditures of \$18,025,597, a decrease of \$168,816 in State General Fund dollars from the agency's 1996 estimate.

The \$7,578,583 recommended from the State General Fund for operating expenditures is a decrease of \$260,425 below the \$7,839,008 approved from the State General Fund by the 1995 Legislature, as adjusted by June, 1995 State Finance Council action.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

SUBCOMMITTEE REPORT

Agency: Winfield State Hospital
and Training Center

Bill No. –

Bill Sec. –

Analyst: Pierron

Analysis Pg. No. 1074 Budget Page No. 565

Agency Estimate/Governor's Recommendation

The agency's revised FY 1996 estimate, including capital improvements, is \$27,210,731, or \$34,608 less than the amount approved by the 1995 Legislature. Of the total estimate, \$27,085,778 is for state operations and \$124,953 is for capital improvements.

Of the total FY 1996 estimate for operating expenditures, \$12,604,789 is from the State General Fund and \$14,480,989 is from special revenue funds. The estimate for spending from the State General Fund is \$139,474 less than the amount approved by the 1995 Legislature, and the estimate for spending from special revenue funds is \$20,087 less than the amount approved by the 1995 Legislature.

The 1995 Legislature approved maintaining 823.5 FTE at the institution to facilitate client community placements with the understanding that this number would decrease to 791.5 FTE as hospital placements occurred throughout the year. The agency's revised estimate includes \$124,953 for capital improvements.

The Governor recommends FY 1996 state operations funding of \$26,319,687, a decrease of \$766,091 from the agency's FY 1996 estimate. The entire reduction is from the amount requested from the State General Fund. The Governor reduces the estimated number of FTE positions by 17.0, from 816.5 to 799.5. The Governor recommends a 7.5 percent shrinkage rate.

The \$11,838,698 recommended from the State General Fund for state operations is \$905,565 below the \$12,744,263 approved from the State General Fund by the 1995 Legislature.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendations.

**1996 Senate Bill No. 713
State Mental Retardation Institutions
FY 1997 Systemwide Overview and Recommendations**

Expenditure	Agency Req. FY 97	Gov. Rec. FY 97	Senate Subcommittee Adjustments
State Operations:			
Kansas Neurological Institute			
State General Fund	\$ 14,168,338	\$ 13,472,982	\$(185,146)
Title XIX	9,834,187	9,834,187	(144,883)
General Fees Fund	624,566	624,566	0
Other Funds	217,621	217,621	0
Subtotal--KNI	<u>\$ 24,844,712</u>	<u>\$ 24,149,356</u>	<u>\$ (330,029)</u>
Parsons State Hospital			
State General Fund	\$ 8,550,648	\$ 7,880,774	\$ (62,205)
Title XIX	8,510,056	8,578,146	(73,023)
General Fees Fund	817,004	817,004	0
Subtotal--PSH&TC	<u>\$ 17,877,708</u>	<u>\$ 17,275,924</u>	<u>\$ (135,228)</u>
Winfield State Hospital			
State General Fund	\$ 13,917,986	\$ 12,778,385	\$ (417,088)
Title XIX	11,350,078	11,350,078	(255,622)
General Fees Fund	1,141,007	1,141,007	0
Subtotal--WSH&TC	<u>\$ 26,409,071</u>	<u>\$ 25,269,470</u>	<u>\$ (672,710)</u>
Total Operating SGF--All Hospitals	\$ 36,636,972	\$ 34,132,141	\$ (664,439)
Total Operating Funds--All Hospitals	\$ 69,131,491	\$ 66,694,750	\$ (1,137,967)
Capital Improvements:			
KNI	\$ 0	\$ 0	\$ 0
Parsons	0	0	0
Winfield	0	0	0
Total Cap. Imps.--All Hospitals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
GRAND TOTAL--ALL HOSPITALS	\$ 69,131,491	\$ 66,694,750	\$ (1,137,967)
FTE Positions:			
KNI	742.0	742.0	0.0
Parsons	515.0	515.0	0.0
Winfield	791.5	774.5	(5.0)
Total FTE--All Hospitals	<u>2,048.5</u>	<u>2,031.5</u>	<u>(5.0)</u>
Average Daily Census			
KNI	225	225	
Parsons	200	200	
Winfield	225	225	
Total ADC--All Hospitals	<u>650</u>	<u>650</u>	

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SUBCOMMITTEE REPORT

Agency: Kansas Neurological Institute

Bill No. 713

Bill Sec. 3

Analyst: Pierron

Analysis Pg. No. 1047

Budget Page No. 359

Agency Request/Governor's Recommendation

The agency requests FY 1997 operating expenditures of \$24,844,712. The FY 1997 request is \$54,263 less than the FY 1996 estimate. Of the total 1997 request, \$14,168,338 is financed from the State General Fund, and \$10,676,374 is financed from agency special revenue funds. The State General Fund agency request is \$1,297,674 over the agency FY 1996 estimate. The agency special revenue funds request is \$1,351,937 below the agency FY 1996 estimate.

The agency estimates a need of 742.0 FTE positions for its operation in FY 1997. This is a 23.0 FTE position reduction that follows the agency downsizing plans for the institution.

The Governor recommends FY 1997 state operations funding of \$24,149,356, a reduction of \$695,356 from the agency request. The entire reduction is from the State General Fund. The Governor concurs with the agency request of 742.0 FTE positions. The Governor increases the shrinkage rate by 0.3 percent.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that the request by the Kansas Neurological Institute (KNI) for \$45,550 for continued development of a Computer Local Area Network be reviewed by the Joint Committee on Computers and Telecommunications after which an appropriate recommendation may be made.
2. The Subcommittee recommends adding a proviso allowing all individuals at KNI, Parsons State Hospital and Training Center (PSH&TC) and Winfield State Hospital and Training Center (WSH&TC) to take with them into the community all items made for them and items of a personal nature that they may have used while living at the institutions.
3. The Subcommittee recommends that the furniture, office equipment, and miscellaneous items remaining after the closure of WSH&TC be transferred to the two hospitals not designated for closure to fulfill capital outlay requests of these agencies.
4. The Subcommittee recommends deleting \$330,029 for the pay plan (\$72,835 in longevity pay, \$7,010 in unclassified merit, and \$250,184 for classified step movement). Of this amount, \$185,146 is from the State General Fund.

SUBCOMMITTEE REPORT

Agency: Parsons State Hospital
and Training Center

Bill No. 713

Bill Sec. 6

Analyst: Pierron

Analysis Pg. No. 1061

Budget Page No. 417

Agency Request/Governor's Recommendation

The agency requests FY 1997 operating expenditures funding of \$17,877,708, a decrease of \$314,705 below the FY 1996 estimate. Of the total FY 1997 request, \$8,550,648 is financed from the State General Fund, and \$9,327,060 is financed from other funds. The State General Fund request is \$805,249 greater than the FY 1996 estimate. The agency request from other funds is \$1,119,954 less than the agency FY 1996 estimate. The agency requests a 10.0 FTE position reduction for FY 1997.

The Governor recommends FY 1997 operating expenditures of \$17,275,924, a decrease of \$601,784 from the agency's request. The Governor recommends \$7,880,774 in spending from the State General Fund and \$9,395,150 in spending from other funds. The Governor's recommendation includes: \$4,964 for unclassified merit pay; \$43,665 for longevity pay; \$1,187,592 for health insurance benefits; and a 9.6 percent shrinkage rate as requested by the agency. The recommended shrinkage rate for FY 1997 is an increase from 7.0 percent recommended in FY 1996. The Governor concurs with the 10.0 FTE position reduction listed above.

The Governor recommends limited capital outlay (\$23,235). This recommendation is \$46,290 less than the agency request. The Governor recommends \$43,665 for longevity pay for the agency as a whole but does not give specific recommendations for the agency programs.

Senate Subcommittee Recommendation

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

1. The Subcommittee recommends that the furniture, office equipment, and miscellaneous items remaining after the closure of Winfield State Hospital be transferred to the two hospitals not designated for closure to fulfill capital outlay requests of these agencies.
2. The Subcommittee recommends adding a proviso allowing all individuals at KNI, PSH&TC, and WSH&TC to take with them into the community all items made for them and items of a personal nature that they may have used while living at the institutions.
3. The Subcommittee recommends deleting \$135,228 for the pay plan (\$44,571 in longevity pay, \$4,905 in unclassified merit and \$85,752 in classified step movement). Of this amount, \$62,205 is from the State General Fund.

SUBCOMMITTEE REPORT

Agency: Winfield State Hospital
and Training Center

Bill No. 713

Bill Sec. 9

Analyst: Pierron

Analysis Pg. No. 1074

Budget Page No. 565

Agency Request/Governor's Recommendation

The agency requests FY 1997 state operations funding of \$26,409,071, a decrease of \$676,707 below the 1996 estimate. Of the total FY 1997 request, \$13,917,986 is financed from the State General Fund, and \$12,491,085 is financed from agency special revenue funds. The State General Fund request is \$1,313,197 more than the agency's FY 1996 estimate and the special revenue fund request is \$1,989,904 less than the agency's FY 1996 estimate.

FTE Position Reduction. The agency requests 791.5 FTE positions for its operation in FY 1997. This is a 25.0 FTE reduction keeping with the agency's downsizing plans for the institution. Following is a list of the positions indicated for elimination.

The Governor recommends FY 1997 state operations funding of \$25,269,470, a reduction of \$1,139,601 from the agency request. Of the recommendation, \$12,778,385 is from the State General Fund and \$12,491,085 is from other funds. The Governor recommends \$6,035 for unclassified merit, \$64,275 for longevity pay (the Governor makes this recommendation for the agency as a whole, but makes no separate recommendations for the individual agency programs), \$1,805,530 for health insurance benefits, and a 9.1 percent shrinkage rate. The Governor recommends no capital outlay for FY 1997; the agency requests \$92,230 in capital outlay.

Senate Subcommittee Recommendation


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

1. The Subcommittee anticipates a Governor's budget amendment which was discussed in this Subcommittee and in the Corrections Subcommittee which will address the transfer of expenditures for the sewer and power plant at Winfield State Hospital & Training Center (WSH&TC) to the Winfield correctional facility located at the same location. At this time, the Subcommittee recommends deleting the expenditures earmarked for the power plant along with the 5.0 FTE employed for operation of the power plant from WSH&TC's budget and transferring them to the correctional facility at Winfield (\$127,729 in salaries and wages, \$2,795 for contractual services, \$19,122 for commodities, for a total of \$149,646.)
2. The Subcommittee recommends that the furniture, office equipment and miscellaneous items remaining after the closure of Winfield State Hospital be transferred to the two hospitals not designated for closure to fulfill capital outlay requests of these agencies.


3. The Subcommittee recommends \$22,730 from State General Fund moneys designated for hospital closure be used for replacement wheelchairs for the individuals living at WSH&TC.
4. The Subcommittee recommends adding a proviso allowing all individuals at KNI, Parsons State Hospital & Training Center (PSH&TC) and WSH&TC to take with them into the community all items made for them and items of a personal nature that they may have used while living at the institutions.
5. The Subcommittee recommends deleting \$523,064 for the pay plan (\$65,848 in longevity pay, \$6,017 in unclassified merit, and \$451,199 in classified step movement). Of this amount, \$267,442 is from the State General Fund.



Senator Stephen Morris, Subcommittee Chair



Senator Jerry Moran



Senator Jerry Karr

SUBCOMMITTEE REPORT

Agency: SRS – Community Developmental Disabilities Services

Bill No. 715

Bill Sec. 8

Analyst: Howard

Analysis Pg. No. 969

Budget Page No. 483

<u>Expenditure Summary</u>	<u>Agency Est. FY 96</u>	<u>Gov. Rec. FY 96</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,315,770	\$ 6,157,930	\$ 0
Aid to Local Units	71,411,595	70,078,427	0
Other Assistance	1,300,000	1,300,000	0
TOTAL	<u>\$ 79,027,365</u>	<u>\$ 77,536,357</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 3,082,039	\$ 2,936,019	\$ 0
Aid to Local Units	54,430,432	53,097,264	0
Other Assistance	1,300,000	1,300,000	0
TOTAL	<u>\$ 58,812,471</u>	<u>\$ 57,333,283</u>	<u>\$ 0</u>
Other Funds:			
State Operations	\$ 3,233,731	\$ 3,221,911	\$ 0
Aid to Local Units	16,981,163	16,981,163	0
Other Assistance	0	0	0
TOTAL	<u>\$ 20,214,894</u>	<u>\$ 20,203,074</u>	<u>\$ 0</u>
FTE Positions	65.6	65.6	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	<u>65.6</u>	<u>65.6</u>	<u>--</u>

* Figures do not include funding for the Developmental Disabilities Planning Council. Includes Governor's Budget Amendments submitted as of March 15, 1996.

Agency Estimate/Governor's Recommendation

The agency estimates current year expenditures of \$79,027,365 for the Division of Mental Health and Developmental Disabilities Services. This is \$2.2 million more than the approved amount. It is due mostly to changes in the Home- and Community-Based Services/Mental Retardation (HCBS/MR) Waiver. During the current fiscal year, SRS anticipates moving people who are served through special purpose

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grants to the HCBS/MR waiver. Changes in funding that this move will entail are not, however, reflected in the revised current year budget estimate.

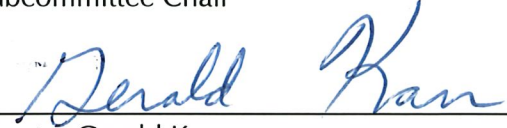
The Governor, essentially, concurs with the agency estimate while making technical changes. There is one exception to this, however: the Governor reduces by \$1.33 million the amount allocated from special purpose grants. A subsequent Governor's Budget Amendment shifts \$1,260,000 in State General Fund dollars to hospital closure.

Senate Subcommittee Recommendation


The Subcommittee concurs with the recommendations of the Governor.



Senator Stephen R. Morris
Subcommittee Chair



Senator Gerald Karr



Senator Jerry Moran

SUBCOMMITTEE REPORT

Agency: SRS -- Community Developmental
Disabilities Services

Bill No. 713

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 969

Budget Page No. 483

<u>Expenditure Summary</u>	<u>Agency Req. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 6,716,053	\$ 6,399,650	\$ 0
Aid to Local Units	73,717,602	74,526,205	300,000
Other Assistance	1,500,000	1,300,000	0
TOTAL	<u>\$ 81,933,655</u>	<u>\$ 82,222,955</u>	<u>\$ 300,000</u>
State General Fund:			
State Operations	\$ 3,423,796	\$ 3,147,954	\$ 0
Aid to Local Units	56,884,996	53,693,699	300,000
Other Assistance	1,500,000	1,300,000	0
TOTAL	<u>\$ 61,808,792</u>	<u>\$ 58,141,653</u>	<u>\$ 300,000</u>
Other Funds:			
State Operations	\$ 3,292,257	\$ 3,251,696	\$ 0
Aid to Local Units	16,832,606	20,832,606	0
Other Assistance	0	0	0
TOTAL	<u>\$ 20,124,863</u>	<u>\$ 24,084,302</u>	<u>\$ 0</u>
FTE Positions	69.6	65.6	--
Unclassified Temp. Positions	0.0	0.0	--
TOTAL	<u>69.6</u>	<u>65.6</u>	<u>--</u>

* Figures do not include funding for the Developmental Disabilities Planning Council. Includes Governor's Budget Amendments submitted as of March 15, 1996.

Agency Request/Governor's Recommendation

The agency requests \$81,933,655 in FY 1997, of which \$1.586 million is for MHDD Administration, \$44.42 million is for mental health services, \$34.906 million is for developmental disabilities services, and \$1.03 million is for other, federally-funded small programs. (Also requested and discussed within this analysis is a request for \$1.507 million in federal funding for the federally-mandated Developmental Disabilities Planning Council.)

The Governor recommends \$78,225,955 in FY 1997. Of this, \$1.55 million is for MHDD Administration, \$44.3 million is for mental health services, and \$31.4 million is for developmental disabilities services. He also recommends \$1.02 million for other federally-funded small programs. (The Governor recommends \$1.496 million for the Developmental Disabilities Planning Council.)

- **Developmental Disabilities Services.** The agency proposes a status-quo budget for adult services. The agency proposes a \$400,000 increase for family support programs (\$200,000 for the family subsidy, and \$200,000 for family support grants to Community Developmental Disabilities Organizations). The increased funding would permit the number of families receiving assistance through each of these programs to be increased by 83. **The Governor does not recommend the additional funding for family support programs, and eliminates the state subsidy of \$100,000 SGF to the Parent Assistance Network.**
- **Closure.** The Governor's original budget recommendation includes \$1.0 million from the State General Fund for unspecified closure costs. A subsequent Governor's Budget Amendment shifted \$1,260,000 in FY 1996 funding to hospital closure and added \$4.0 million in federal disproportionate share funds in FY 1997 for one-time closure expenditures.

Senate Subcommittee Recommendation

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

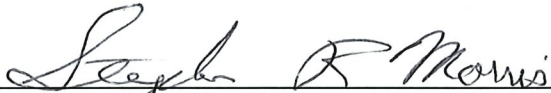
1. Concur with the Governor's Budget Amendment which earmarks additional resources designed to facilitate the orderly closure of Topeka State Hospital and Winfield State Hospital and Training Center. The *Governor's Budget Report* initially included \$1.0 million from the State General Fund for unspecified closure costs. The Governor's Budget Amendment adds additional resources totaling \$5.26 million, including: (1) shifting of State General Fund savings of \$1,260,000 realized because of the state's increased use of the HCBS-MR/DD Medicaid waiver in FY 1996; and (2) \$4.0 million in federal disproportionate share funds in FY 1997. The Subcommittee was informed that SRS has submitted a revised State Disproportionate Share Plan to allow reimbursement for certain outpatient treatment of indigent patients in the state mental health hospitals. However, the Subcommittee would note that federal approval is still pending at this time. Communications from the Health Care Financing Administration (HCFA) indicate that the federal government will likely deny the change. The Subcommittee is concerned about the impact denial this funding will have on closure plans and requests a Governor's Budget Amendment with alternative equivalent financing. The Subcommittee recommends further review during the Omnibus Session.
2. Add \$150,000 from the State General Fund for the family subsidy program. The recommendation will allow approximately 62 more families to receive this subsidy in FY 1997. (The House added \$100,000 for this item.)

3. Add \$150,000 from the State General Fund for the family support program. The recommendation will provide support services to approximately 62 more families in FY 1997. (The House added \$100,000 for this item.)
4. Add a proviso to the State General Fund line item for mental health and developmental disabilities services disallowing the agency from making any expenditures until \$100,000 has been allocated to the Parent Assistance Network.
5. Shift \$395,000 from the State General Fund which is currently used to match federal vocational rehabilitation funds for supported employment for the developmentally disabled to fund two new Centers for Independent Living in the Garden City/Liberal and Hutchinson areas of the state. Under the Subcommittee's recommendation, approximately \$200,000 would continue to match federal vocational rehabilitation (Title I) funds to support independent living training for people **seeking employment** through the Centers for Independent Living. The remaining funds would remain unmatched to allow the provision of services to persons without employment goals. The Subcommittee would remind the Committee that the manner in which this funding has been used in past years has generated a new State General Fund requirement (\$1.0 million) annually in the MHDD budget to provide ongoing support for persons after eligibility for the vocational rehabilitation funding ends. Because the Subcommittee's recommendation funds actual centers, rather than individuals, additional funds will not be required at the end of 18 months, and the funding will continue to support services provided through the Centers for Independent Living. The Subcommittee is supportive of the focus of independent living programs and believes that services provided through the Centers are an alternative to traditional rehabilitation programs particularly through their emphasis on consumer choice and independence.
6. The Subcommittee continues to be concerned about provisions of the Developmental Disabilities Reform Act whereby the Community Developmental Disabilities Organizations (CDDOs) will disburse payments to other providers. The Subcommittee is concerned about what effect this will have on the timeliness of payments and on cashflow requirements of the nonprofit provider affiliates, and questions the efficiency of this practice.
7. During its review of the budget and during hearings held on S.B. 727, the Subcommittee has become increasingly aware of the additional duties which have been placed on CDDOs by the Developmental Disabilities Reform Act. It is unclear at this time the magnitude of administrative costs that will be experienced by the CDDOs. However, the Subcommittee heard testimony suggesting that such costs could be in the range of \$3.8 million annually, ranging from approximately \$50,000 per year for one of the smaller CDDOs, to up to nearly \$2.0 million for one of the larger CDDOs. No new funding has specifically been allocated to CDDOs for these administrative costs. The Subcommittee recommends that SRS seek to quantify these costs, including the impact of S.B. 727 or other changes proposed during this Session, requests a

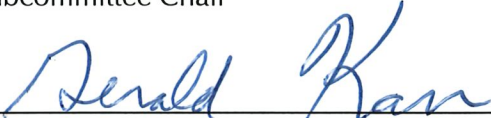
Governor's Budget Amendment, and recommends further Omnibus review of this issue.

8. The Subcommittee discussed the issue of large-bed private for-profit ICFs-MR facilities with SRS and would note that the agency has no plans at this time to actively pursue a reduction in the number of these facilities. The agency is working with providers who seek to close or to replace their large-bed facilities with smaller ones, but does not believe it has the resources or the time presently, particularly as it seeks to implement closure of two state hospitals, to pursue this issue more actively. The Subcommittee continues to believe this to be an important issue and encourages the agency to take whatever steps it can to encourage a reduction in the number of such facilities, ensuring however that community services are available to fund current and future needs.

9. The Subcommittee was informed that the agency intends to implement strategies over the next twelve months to assure the provision of appropriate services on request to children who are developmentally disabled and their families on a statewide basis. At the current time, resources are not sufficient to provide services to all children waiting for services. SRS indicates that this will require further enhancement of the HCBS-MR Medicaid waiver as well as achieving greater efficiencies in the system. The Subcommittee is encouraged by the agency's ideas in this regard and urges the agency to actively pursue this initiative.



Senator Stephen R. Morris
Subcommittee Chair



Senator Gerald Karr



Senator Jerry Moran

During the Committee's informational hearing on the hospital closure on January 9, a great deal of information was received supporting the placement of developmentally disabled residents into the community versus hospitals. Because most senators will not have had the time to study all of these documents in detail, we have reviewed the supporting data for three key assumptions contained therein.

1. Appropriate community placement options are preferable in all cases to institutional placements.
4. All hospital residents can be served in appropriate community placements, including those with the most severe medical, cognitive, and/or behavioral disabilities.
5. Community placements afford a better quality of life for DD residents at a lower average cost, compared with institutional placements.

Attached are summaries of the material supporting those assumptions.

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Assumption 1: Appropriate community placement options are preferable in all cases to institutional placements

Document 1.1: Coffelt Quality Tracking Project

Objective: Determine whether a positive or negative change occurs in the quality of life of residents moving from institutions to a community setting.

Quality of life goals:

- Consumer and family satisfaction
- Adequacy of services
- Health maintenance
- Qualities of increased independence, productivity, etc.
- Quality of home and work settings
- Costs of services and supports

Test: A matched comparison of 118 residents from a Developmental Center ('Stayer'), and 118 residents who moved to a community setting ('Mover')

FINDINGS

	<u>Movers</u>	<u>Stayers</u>
1) Day Programs	spend considerable more time	
2) Family contacts	similar	similar
3) Services Received	considerable more received	
4) Health	same "good" more antipsychotic medications	same "good" more medical attention
5) Individual Program Plans	More progress & "active participation"	Plans more useful
6) Average cost per person annually	\$54,000	\$92,000

FAIRVIEW TRAINING CENTER

Document 1.2

Objective: Determine whether move to the community had any perceived impact on the way people live their lives.

Goals:

- Personal self sufficiency
- Community self sufficiency
- Personal social responsibility
- Social adaptation
- Personal adaptation

Test: 23 randomly selected residents of Fairview who moved to the community were scored on these goals before and after the move. The other test was a matched comparison of these 23 residents who had moved into the community and 23 similar Fairview residents.

FINDINGS

Test # 1:

Personal self sufficiency	Community Self sufficiency	Personal Social Responsibility	Social Adaptation	Personal adaptation
Prior to move:				
37.19	16.52	11.95	9.90	6.29
After move				
40.87	24.17	17.43	10.35	6.70

Test # 2

Personal Self sufficiency	Community Self sufficiency	Personal Social Responsibility	Social Adaptation	Personal adaptation
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Commuity Residents:

40.87	24.17	17.43	10.35	6.70
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Fairview Residents:

32.35	20.65	14.04	8.04	5.91
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One area of concern not addressed in the goals, but indicated by the data, is the access to adequate medical support for the most demanding medical needs.

"The results do not suggest that those persons with more challenging medical and/or behavioral demands have participated in Oregon's deinstitutionalization effort to date."

JOHNSTONE

Document 1.3

Test: Before/after comparison of the well-being of 172 residents of Johnstone (developmental center) who moved to community settings.

RESULTS

- 28 indicators of quality 15 of these indicators increased in quality
12 unchanged - 1 worse
- Quality of life 16 positive changes
10 unchanged
2 negative
- Average cost Johnstone \$78,119 (est)
Community \$73,670
Other DC's \$80,665
- Improved privacy, more integration, more self-help skills
- Feelings about Johnstone closure:

	<u>Strongly against</u>	<u>Against</u>	<u>In Between</u>	<u>For</u>	<u>Strongly For</u>
THEN:	43	27	16	8	6
NOW:	27	10	33	16	14

COFFELT QUALITY TRACKING PROJECT

Document 1.4

Objective: Determine whether the adjustments made to the living situations of community members experiencing difficulty were beneficial.

Test: Random sample of 25 of 138 people having experienced difficulty with their living situations. Providers and family members were surveyed.

FINDINGS

Provider and family perceptions were similar. Each reported positive small changes in all items included under "quality of life".

- Assumption 1:** Appropriate community placement options are preferable in all cases to institutional placements
- Document 1.1: Conroy, J.W., & Seiders, J.X. (1995, April). Quality of life among institutionalized and deinstitutionalized people in California: Intermediate findings, 1994-1995. Report Number 3 of the Coffelt Quality Tracking Project, California Department of Developmental Services. Ardmore, PA: Center for Outcome Analysis.
- Document 1.2: Horner, R.H., Stoner, S.K., & Ferguson, D.L. An activity-based analysis of deinstitutionalization: The effects of community re-entry on the lives of residents leaving Oregon's Fairview Training Center. University of Oregon.
- Document 1.3: Conroy, J.W., & Seiders, J.X. (1994, February). 1993 report on the well-being of former residents of Johnstone. Report Number 5 of the New Jersey Strategic Planning Project. Ardmore, PA: Center for Outcome Analysis.
- Document 1.4: Conroy, J.W., & Seiders, J.X. (1995, November). Coffelt community target group class members: Results of the 1994-1995 round of visits and interviews. Report Number 5 of the Coffelt Quality Tracking Project, California Department of Developmental Services. Ardmore, PA: Center for Outcome Analysis.

Assumption 4: All hospital residents can be served in appropriate community placements, including those with the most severe medical, cognitive, and/or behavioral disabilities

Document 4.1: Mortality among Pennhurst class members 1978-1989

Objective: Determine whether morbidity and mortality increased with relocation and living in the community.

Test: Investigative study of 1156 people who had moved from Pennhurst in 1978, to community centers.

FINDINGS

Relocation mortality was avoided

About 3/4 as many people died by 1989 as would have been expected to if they had continued living in the institution

SUPPORTED LIVING

Document 4.2: "Supported living is a policy built around a vision of people with disabilities living active, rich lives in regular communities."

People are supported as active participants in community

Quality of lives of 12 people was improved dramatically

It is possible for people with histories of very extreme problem behaviors to become active members of local communities

Assumption 4: All hospital residents can be served in appropriate community placements, including those with the most severe medical, cognitive, and/or behavioral disabilities

Document 4.1: Conroy, J.W., & Adler, M. (1995, July). Mortality among Pennhurst class members: 1978-1989. Ardmore, PA: Center for Outcome Analysis.

Document 4.2: Horner, R.H., Close, D.W., Fredericks, H.D.B., O'Neill, R.E., Albin, R.W., Sprague, J.R., Kennedy, C.H., Flannery, K.B., Heathfield, L.T. (in press). Supported living for people with profound disabilities and severe problem behaviors.

Assumption #5: Community placements afford a better quality of life for DD residents at a lower average cost, compared with institutional placements.

Document 5.1: The small ICF/MR program: Dimensions of quality and cost

Objective: Obtain an accurate indicator of the quality of life at ICFs/MR compared to the community, given 35 standard criteria.

Test: Matched comparison of 51 people from each setting

FINDINGS

- Quality outcomes superior in community for 10 of 35 measures
- ICFs/MR were not superior on any of the 35 measures
- ICFs/MR produced poorer outcomes per amount of money
- Average resident in community gains independent behaviors while average ICF/MR resident loses independent behaviors

LIVING IN THE COMMUNITY

Document 5.2

Test: Analyzed three alternatives to institutions: specialized foster homes, ICF-MR certified and non certified large and small group homes. Random sample of 181 homes and 336 residents.

FINDINGS

- Overall, 60% of homes had at least one resident whose placement had been terminated, usually due to problem behaviors of residents.
- Foster homes cheapest option
- High staff turnover in 1/2 of facilities
- Problems of hiring replacement staff that was qualified, willing to work for the wages and hours offered.
- Residents with severe mental, physical, and behavioral impairments functioned well in small living arrangements.
- 80% satisfaction of residents with current placements
- Average group home resident has about as much domestic responsibility as the average member of the general population
- Average group home resident has greater recreation/leisure integration than the average member of the general population

HOME AND COMMUNITY BASED SERVICES FOR STATE OF MINNESOTA

Document 5.3

Compared cost and quality of life between ICF/MR and HCBS

- 1) 1991 - Average annual cost of HCBS per recipient \$23,702
Average annual cost of ICF/MR per recipient \$44,964
- 2) 1991 - Medicaid acute care costs for HCBS recipients averaged \$12.16 per day
Medicaid acute care costs for ICF/MR recipients averaged \$8.01 per day
- 3) Between 1987 and 1991, HCBS program yielded an estimated net savings of \$29.3 million federal and state dollars over expenditures had Minnesota not developed its HCBS program.
- 4) Per recipient Medicaid costs for HCBS residents were less than 60% of ICF/MR costs
- 5) Families expressed high levels of satisfaction with HCBS
- 6) Approximately 85% of HCBS recipients were happy most of the time
89% liked where they lived
- 7) Case managers preferred HCBS approach to services because:
 - more homelike, less restrictive living
 - more community interaction
 - more flexible and capable of responding to individual needs
- 8) HCBS were active users of community resources
 - over past 6 months grocery stores - 89%; Parks 92%;
restaurants 99%; religious service - 61%
department stores - 82%

BENEFIT - POST ANALYSIS

Document 5.5

Benefit cost analysis comparing services in community vs. institution for 11 people with severe mental retardation and challenging behaviors who had been moved from an institution to a community setting.

• Not a significant difference in overall costs		
• Daily expenses of food, utilities, etc. less at institution		
	ICF/MR (yearly average per person)	Community (yearly average per person)
• Staff turnover - much higher in community	.3	2.6
• Staff hours lost due to injuries - much, much higher	4.3	37.1
• Mean community and home activities per day	7.3	15.6
• Persons paid to provide services	3.1	6.8
• Contacts with nurse (RN, LPN)	127	8.0
• Contacts with MD/PA	40	13

- Assumption 5:** Community placements afford a better quality of life for DD residents at a lower average cost, compared with institutional placements
- Document 5.1: Conroy, J.W. (1995, August). The small ICF/MR program: Dimensions of quality and cost. Ardmore, PA: Center for Outcome Analysis.
- Document 5.2: Hill, B.K., Lakin, K.C., Bruininks, R.H., Amado, A.N., Anderson, D.J., & Copher, J.I. (1989, December). Living in the community: A comparative study of foster homes and small group homes for people with mental retardation. Project Report 28. Minneapolis, MN: Center for Residential Services and Community Living, University of Minnesota.
- Document 5.3: Lakin, K.C., Burwell, B.O., Hayden, M.F., Jackson, M.E. (1992, March). An independent assessment of Minnesota's Medicaid home- and community-based services waiver program. Project Report 37. Minneapolis, MN: Center for Residential Services and Community Living, University of Minnesota.
- Document 5.4: Heinlein, K.B., & Fortune, J. (1995). Who stays, who goes? Downsizing the institution in America's most rural state. Research in Developmental Disabilities, 16(3), 165-177.
- Document 5.5: Knobbe, C.A., Carey, S.P., Rhodes, L., & Horner, R.H. (1995). Benefit-cost analysis of community residential versus institutional services for adults with severe mental retardation and challenging behaviors. American Journal on Mental Retardation, 99(5), 533-541.