

Approved: _____

Date

1-28-97

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE.

The meeting was called to order by Chair Sandy Praeger at 10:00 a.m. on January 21, 1997 in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Emalene Correll, Legislative Research Department
Bill Wolff, Legislative Research Department
Norman Furse, Revisor of Statutes
Jo Ann Buntin, Committee Secretary

Conferees appearing before the committee: Rochelle Chronister, Secretary, Kansas Department of Social and Rehabilitation Services
Thelma Hunter-Gordon, Secretary, Department on Aging

Others attending: See attached list

Approval of Minutes

Senator Steineger made a motion to approve the Committee minutes of January 15 and 16, 1997, seconded by Senator Hardenburger. The motion carried.

Introduction of bills

The Chair requested introduction of a bill that would change the composition of members on the Governor's mental health services planning council. Senator Becker made a motion the Committee recommend introduction of the proposed legislation, seconded by Senator Hardenburger. The motion carried.

Welfare Reform

Rochelle Chronister, Secretary of SRS, briefed the Committee and provided written testimony on the status of welfare reform implementation in Kansas. (Attachment 1) During Committee discussion, Secretary Chronister noted that as of this date 8% of teenagers in the program have been "work exempt", the Homemaker Program is not affected by welfare reform legislation, and approximately 15% of people on welfare are unemployable. Educational opportunities and day care provisions for welfare recipients were also discussed by the Committee.

Department on Aging programs

Thelma Hunter-Gordon, Secretary, Department on Aging, briefed the Committee on the agency's activities which centered around the transfer of long term care programs from the Kansas Department of Social and Rehabilitation Services to the Kansas Department on Aging as noted in her written testimony. (Attachment 2) Committee discussion related to concerns regarding the Home Care program.

Introduction of bills

Secretary Hunter-Gordon requested introduction of two bills relating to the state's long-term care ombudsman program and senior care act. Senator Jones made a motion the Committee recommend introduction of the proposed legislation, seconded by Senator Steineger. The motion carried.

Adjournment

The meeting was adjourned at 11:00 a.m.

The next meeting is scheduled for January 22, 1997.

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE GUEST LIST

DATE: 1-21-97

NAME	REPRESENTING
Alice Knott	KDOA
Denise Demando	KDOA
Nick Saffle	KDOA
Connie Hueser	KDSSS
Judith A. Farris	KDOA
Craig Hammen	"
Jayne Howard	"
Bob Horder	M.P.S.
Pick Griffith	Health Midwest
David Franzlicht	KS Dental Ass'n
Berta Ann Marcia Lopez	SEL HSE Llovenworth
Pam Scott	KS Funeral Directors
Glaine McCullough	Brookcreek Learning Center
Gretchen Kottwitz	" " " Lawrence, KS
Scott Claassen	Legislative Post Audit
Jennifer Hudgins	Legislative Post Audit
Carmel Haefner	DON / OPS
Darin Conklin	KPhA
Bob Alderson	KPhA

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Rochelle Chronister, Secretary

Senate Committee on Public Health and Welfare
Testimony on Implementation of Welfare Reform
January 21, 1997

SRS MISSION STATEMENT

To provide services to Kansans in need that contribute to their safety and promote dignity, independence and responsibility.

Madam Chair and members of the Committee, thank you for allowing me the opportunity to provide you with information on the status of welfare reform implementation in Kansas. Welfare reform in Kansas is currently being guided by two pieces of legislation. One is the federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), enacted August 22, 1996. Kansas qualified as an eligible state as of October 1, 1996, for the purpose of receiving block grant funding under the Temporary Assistance for Needy Families (TANF) Program authorized by the Act. The other legislation guiding welfare reform in Kansas is H.B. 2929 which was passed by the state legislature in 1994 to authorize the Department of Social and Rehabilitation Services to seek federal waivers of certain AFDC, Medicaid, and Food Stamp regulations.

Social and Rehabilitation Services staff have worked diligently since PRWORA was passed in August to understand the many subtleties and details of the Act. They moved quickly to submit our Kansas state plan in order to take advantage of enhanced federal block grant funding, and the state plan was approved effective October 1, 1996. With the approval of the state plan, the five year time limit for adult recipients became effective October 1, 1996, as did the expectation that all able-bodied adults would be working or in a work activity within no more than 24 months.

KansasWorks, a welfare reform initiative which focuses on moving public assistance recipients quickly into employment, has been implemented. Able-bodied recipients of cash assistance are now required to look for work as a condition of eligibility for assistance. Employment is now the first expectation of those in KansasWorks. Education and training plans are only supported when job search and work experience placements are not successful, and then only short-term job specific training is allowed.

The changes to the Child Support Enforcement Program mandated by PRWORA are massive. Staff have identified 52 regulation or statute changes which will be necessary to implement the mandates. They have prepared a packet of legislation which will be introduced this session to address this.

Income Maintenance/Employment Preparation Services staff have developed a phase-in implementation plan to accommodate welfare reform changes. Phase 1 will be implemented in March 1997 and includes changes mandated by PRWORA, such as eliminating work participation exemptions for parents with children aged 1-3, placing restrictions on assistance to

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some legal immigrants, requiring school attendance for teen parents, and limiting food stamp eligibility for single adults to 3 months in a 36 month period unless working. Phase 2 will be implemented in July 1997 and includes providing a greater income disregard to encourage welfare recipients to work and requiring food stamp recipients to cooperate with Child Support Enforcement. Phase 2 changes were delayed until July due to the extensive changes required to the automated eligibility system. Phase 3 welfare reform changes to the cash, food stamp, and employment programs are still under development. Some initiatives being considered under Phase 3 include:

- ◆ Pay After Performance. Under this system the cash grant assistance recipients receive is based on the number of hours they participate in work or a work program. This is being piloted in a few other states and shows promise for reducing caseloads. A major overhaul of the automated eligibility system will be required to implement this.
- ◆ Diversion. This program is aimed at applicants who have had a recent attachment to the workforce and need only minimal help in order to return to work. Applicants who met this criteria can receive up to 3 months worth of cash assistance up front in order to resolve their crisis and return to work. This gets people back to work without their becoming accustomed to the welfare system..
- ◆ Work Supplementation. Also called "grant diversion", this program uses cash assistance funds to develop and subsidize jobs for cash assistance recipients as an alternative to aid. This, too, requires major changes in the automated eligibility system.

Due to the amount of research which must be concluded before recommendations on the Phase 3 programs can be made and the major systems re-programming which must be accomplished for such programs, no date has yet been established for Phase 3 implementation.

As a result of PRWORA, the federal department of Health and Human Services has much less control over public welfare activities in the states than previously. However, HHS will be active in defining and refining some of the new provisions in the Act. Such definitions will occur over time and will not be available in the early stages of implementation. As these definitions are made and promulgated by HHS, some of our early estimates and decisions will require adjustment. Welfare reform is a process. We learn new aspects of the Act every day. We consider the state plan we have submitted to the federal government to be a working document. The legislation allows us to amend the plan when we at the state level believe it is necessary to do so. States have a great deal of freedom to design and adjust programs in ways that best respond to people and issues in Kansas. We expect to have more changes and advances to report to you in the future.

The federal welfare reform legislation offers the state the opportunity to design work programs and a cash assistance program to meet the needs of Kansans. We look forward to working with you to meet this challenge.

Kansas Works *The Blueprint for Welfare Reform*

Welfare reform is a work *already* in progress in Kansas. Kansas will continue to concentrate its efforts on moving people into jobs and providing basic job readiness skills and training. These efforts have resulted in caseload reductions and an increased number of individuals finding employment and independence from welfare. Most people use welfare as a short-term safety net between employments. Up-front employment services provided from the date of application reap significant dividends and divert many families from receiving assistance.

To move the Kansas welfare programs forward in the next century it is essential that resources are carefully expended on those programs and services that meet the needs of welfare recipients and help them achieve success. This is best achieved by developing customized services to address the employability status of individual recipients.

Three levels of employability

The welfare population can generally be divided into.....

- ◆ Those who are immediately employable and could probably find jobs on their own and need only a modest amount of help to address an immediate crisis.
- ◆ Those who are nearly employable but need a few services to enhance their employability and job retention.
- ◆ Those who have a multiplicity of mental, physical, and personal life barriers that make it difficult for them to find and keep employment.

In the past, federal regulations and funding limited the agency to serving only a small portion of the cash assistance population with employment services.

Strategy

With the new federal law we can now serve more people - in particular, those with one and two year old children. It is imperative that we do so as families are now limited to five years on assistance and must be engaged in work within two years. The agency proposes the following strategy to address the differing needs of a welfare population faced with five-year time limits, the importance of engaging public and private partners in welfare reform, and the data collection mandates of federal law.

- *Up-front Services and Assessment* Meet needy families at the door. Invest staff time heavily in up-front assessment that pinpoints what level of support is needed for each family. Use assistance diversion and applicant job search to curb welfare dependency. Each family's needs and employability status is immediately determined and support and employment services are provided accordingly.
- *Single Case Manager* Move from the integrated services vision to a single case worker for each family to act as the case assessment specialist and broker of all temporary cash assistance, employment services and child care services to assist the family as it moves toward independence.
- *Employment Services* Establish statewide contracts for consistent, outcome-based direct services. These contracts with the private sector or state agencies may include such components as job-specific skill training, job placement, or job development and will require that contractors work with each community in developing customized services and outcomes. Any public or private entity may contract to provide direct employment services if they meet the established standards.
- *Reduce Employment Barriers* Aggressively address barriers to getting and keeping employment.

Learning Disabilities Contract for statewide programs that provide identification, training, and job placement for the 30-40% of the caseload with *learning disabilities*. Adult basic education centers and community colleges are potential partners in this effort.

Substance Abuse Maintain our collaboration with the Regional Alcohol and Drug Assessment Centers which provide assessment and treatment opportunities as well as eligibility consequences for failing to follow through with the needed treatment.

Inability to Retain Employment Getting a job is not the biggest obstacle for many individuals but keeping that job may be. Establish a job retention program which incorporates intensive follow-up and monitoring and balances the needs of the individual with the demands of the work place. Private and non-profit entities at the community and statewide level will become partners in this effort.

- *Child Care* Provide child care that is available, accessible, and affordable to help families seek and retain employment and stay off assistance. Employed families earning below 185% of poverty (approximately \$24,000 per year for a family of three) are potentially eligible for child care assistance to maintain employment. Flexibility is needed to shift the funds from TANF to child care as the low-income employed caseload continues to increase. Additional federal funds will be available annually to Kansas if state/local match is provided.

Over the past year with the shift in emphasis to "work first", child care needs have shifted from cash assistance families (decreased by 9 percent) to the low-income employed

families increased 26 percent). The new federal work participation requirements will spur an increase in both populations as families are required to work more hours, and the State is required to meet more stringent work participation rates. In addition, families with children age 1 and older will be required to participate in work activities for the first time.

- *Safety Net for Children* Retain and enhance our commitment to providing flexible family-specific social services and interventions. The former child welfare funding stream for Emergency Assistance will be maintained as Children's Crisis Services. Maintain our current level of medical assistance coverage for children. The medical assistance funding is separate from the TANF and child care block grants.
- *Automated Systems* Invest in automated system development. The single case worker is not possible without integration of existing self-standing systems. Extensive data collection for program monitoring, evaluation, and reporting will require system enhancement. Systems must track aggregate data as well as track an individual family's participation.
- *Child Support Enforcement (CSE)* Create stronger CSE tools to maximize paternity establishment and collection of support. Emotional and financial support from an absent parent is a key factor in a family moving from welfare to independence. While child support is recognized as a prime component of the blueprint, its funding is separate from the TANF and child care block grants.
- *Immigrants* Take options available under the Act to continue to provide assistance to the approximately 3000 legal immigrants at risk of losing AFDC, General Assistance, and Medicaid as a result of the new federal law. If eligible under existing regulations, also provide Medicaid and General Assistance to the 1848 disabled legal immigrants who are likely to lose SSI eligibility due to the new law. Provide emergency medical services to all other immigrants as required by law.

To prepare a solid footing for Kansas families needing assistance, the Governor's recommendation maintains state effort (SGF) of \$80.2 million combined with the federal Temporary Assistance for Needy Families (TANF) and Child Care Block Grants of \$121.2 and \$128.6 million for FY 1997 and FY 1998, respectively. With this combined state and federal block grant funding, SRS will provide the following to Kansas families in need:

Funding Profile

- ◆ Temporary cash assistance and other innovative forms of short-term financial aid to families.
- ◆ Training, education, and other employment services for unemployed families.
- ◆ Ample, quality child care essential for getting off and staying off assistance.
- ◆ Children's Crisis Services to meet emergencies that threaten children's safety.
- ◆ Critically needed improvements in computer information systems to insure service and accountability.

The KansasWorks Funding Profile reflects the Governor's recommendation for FY 1997 and FY 1998 and the agency's five-year plan for the programs affected by the TANF and Child Care block grants. It is important to note that under the agency's current five-year plan, State General Fund expenditures represent a decline in real dollars over the life of the plan. Also, the out-year estimates contained in the funding profile reflect current program policy and constant caseloads.

The federal block grants can be used at any time for eligible programs and can be carried over to the next fiscal year. The block grant carryover balance is critical due to the many uncertainties, including caseloads that are currently low but can and will fluctuate over time as the economy and demographics change; critical federal regulations and guidelines that have not been issued, for instance, those defining countable expenditures for state maintenance of effort; and, the impact of the federal welfare reform requirements on computer systems.

Funding Profile
(Dollars in Millions)

Item	FY 1997	FY 1998	FY 1999	FY 2000	FY2001
<i>Revenue</i>					
State Funds - TANF and Child Care	\$80.2	\$80.2	\$80.2	\$80.2	\$80.2
Federal Funds*	121.2	128.6	129.6	131.5	133
Total	\$201.4	\$208.8	\$209.8	\$211.7	\$213.7
<i>Expenditures</i>					
Temporary Cash Assistance for Families	\$88.1	\$81.7	\$79.7	\$77.3	\$76.1
Employment Services	4.5	7.2	11.0	15.3	16.7
Child Care	27.8	36.7	42.6	48.2	52.5
Program Staff (Assessment and Case Management)	23.2	23.5	24.9	25.5	26.1
Administration	31.6	32.6	33.4	34.3	35.2
Information Systems	6.0	9.0	8.0	5.0	3.0
Children's Crisis Fund	6.8	7.8	8.8	9.8	10.8
Total	\$188.0	\$198.5	\$208.4	\$215.4	\$220.4
Federal Block Grant Balance	\$13.4	\$23.7	\$25.1	\$21.4	\$14.7

*of this total, the TANF block grant is fixed at 101.9 million for the next six years.

Child Support Enforcement and Welfare Reform

Several new tools to improve the Child Support Enforcement (Title IV-D) program and benefit children's families are part of the federal welfare reform package. Although the new tools will require major investments in automation for record-keeping and automated processing, they are expected to result in more reliable child support income for families working toward independence from public assistance.

Key elements

- ◆ Creation of state and national databases of new hires;
- ◆ Creation of registries of all support orders (October 1996 for IV-D orders; October 1998 for all others);
- ◆ Expedited administrative processes for locating and seizing assets;
- ◆ Streamlined procedures for paternity establishment, including greater emphasis on voluntary acknowledgements; and
- ◆ Creation of a central unit in each state to receive and disburse all child support collections, both IV-D and non-IV-D (October 1998 or 1999).

Initially, federal Child Support Enforcement (CSE) funding remains unchanged. For new automation mandates, enhanced funding will be available until October 2000 at 80% of Kansas' allocation from the capped appropriation; the actual enhanced funding is expected to be well below 80%. Federal collection incentives, paid in addition to basic CSE funding, will be replaced in October 1999 by performance-based incentives under a formula yet to be created. The formula must be (federally) revenue neutral, so no increase in state incentive revenue is expected.

Kansas recovers assistance expenditures by keeping 40% of support collected in AFDC cases. Net revenues are expected to decrease significantly after October 2000, when states will no longer be permitted to keep pre-assistance arrearage collections to recover assistance costs.

Kansas has already taken steps to encourage families to use CSE services to become independent of public assistance. First, there are the mandated programs for AFDC and Medicaid recipients, in which the State keeps all or part of collection to recover expenditures. When assistance ends, the families continue receiving CSE services to help them remain off of assistance. Second, families receiving child care are now automatically referred for CSE services. Support collections are distributed directly to the family and help increase the household income. Beginning in July 1997, families receiving only food stamps will similarly be required to cooperate with CSE to improve their household income.

Testimony
Senate Public Health and Welfare
January 21, 1997

by

Thelma Hunter Gordon
Kansas Department on Aging

Senator Praeger and committee members, I am pleased to report today on the activities of the Kansas Department on Aging (KDOA). Although much of this year's activities have centered around the transfer of long term care programs from the Kansas Department of Social and Rehabilitation Services (SRS) to KDOA, significant progress has been made in other areas within the department as well.

In recognition of the new functions and responsibilities to be acquired, KDOA developed a new organizational structure that technically took effect October 1, 1996. While not fully staffed, the organizational structure has been developed to provide a framework for the process to begin.

The new structure has allowed staff to know:

- 1.) where program responsibilities will be located,
- 2.) the appropriate administrative staff to be trained and involved in issues pertinent to their new responsibilities, and
- 3.) preliminary planning to integrate Americans Act, state-funded, and Medicaid programs and services at state and local levels.

The staff members present today, and whom I would like to introduce, represent KDOA's top administrative leadership under the new organization. They are *Jayne Ayhward*, Deputy Secretary, *Dan Gronniger*, Chief Legal Counsel, *Craig Kammen*, Budget Director, *Alice Knatt*, Commissioner of Administrative Services, *Richard Saffle*, Commissioner of Executive Services, *Denise Clemonds*, Commissioner of Senior Services, and *Ardie Davis*, Commissioner of Advocacy Services.

Overview of the Transition

House Bill 3047, which was passed by the 1996 Legislature, transfers certain long-term care programs currently administered by the SRS to KDOA. This transfer is effective July 1, 1997. Over the past year, KDOA and SRS have been working jointly on transitional issues, predominantly on tasks and issues associated with moving the programs from SRS.

In November, 1996, a joint transition plan by both Departments was prepared and presented to the Oversight Committee. The plan identified the progress made, and strategies and timelines to address the remaining issues. The most recent and significant part of the transition process was the privatization of Targeted Case Management and the implementation of the new Medicaid HCBS/FE waiver.

On January 1, 1997, the Area Agencies on Aging (AAAs), which cover the state, became the service providers for Targeted Case Management, a key component in the development of a single service delivery system for the elderly in Kansas.

KDOA has focused its efforts over the past several months on providing technical assistance to AAA's so they were prepared to assume this service on January 1. Although a major undertaking, the conversion appears to have gone well, with the support coming from both departments. SRS and KDOA have provided them with staff expertise relative to the transferring Medicaid programs, the Living Independence for Everyone (LIFE) program, financial planning, and provider recruitment for assuming this service.

With more definitive agreement about resources (personnel and funding) in December and the implementation of Targeted Case Management and the HCBS/FE waiver in January, KDOA's transitional planning is now directed more towards the Department's and Aging Network preparedness to administer the programs July 1, 1997.

Programs being Transferred out of KDOA

In addition to the transfer of programs into KDOA, four programs have been transferred out of KDOA. Effective October, 1996, the **Senior Health Insurance Counseling for Kansas (SHICK)** program, as a result of a competitive bid process, was contracted out to the Kansas Insurance Department. The three **Employment for Older Kansans** programs were transferred to the Department of Human Resources in accordance with legislation enacted by the 1996 Legislature.

Because the Older Americans Act requires KDOA to make sure that no employee in the Office of the State Long Term Care Ombudsman program is subject to a conflict of interest, I am planning to contract or enter into an arrangement with a public or non-profit private organization to carry out the **Long Term Care Ombudsman** program. Legislation will be necessary to accomplish this move, which our chief counsel will discuss with you in a few minutes.

Overview of KDOA Activities

At the beginning of the year, I established three primary goals which have directed the Department's activities.

- The first is to **develop and support an integrated system of LTC (long-term care) services that will maximize individual choice in care, ensure appropriate placement, and effectively leverage human and fiscal resources.** To that end, the Uniform Assessment Instrument was implemented statewide on July 1, 1996. The process to develop an Agency long-range strategic plan has been developed, policies and procedures of the state and federally-funded programs are being reviewed with the outcome to make them consistent and complementary; and KDOA's role and relationship with Area Agencies on Aging has been redefined, placing more emphasis on program outcomes and less on process.
- The second goal was to **develop proactive public information initiatives to inform and educate Kansans about aging issues.** Public information activities will continue to be a major focus of the Advocacy Services Commission during the transition to inform the public of changes in the service delivery system, and respond to customer concerns. As part of this goal, the department has entered into a partnership with Southwestern Bell to construct and maintain an Internet Home Page and establish computer learning centers for Kansas seniors. The Home Page is currently under construction and should be available this winter to the public.
- The third goal has been to **increase the effectiveness and efficiency of the service delivery system for aging programs through improved management and accountability at all levels.** In addition to the major reorganization of the department, and hiring of key staff positions, the department has continued its efforts to:
 - 1.) develop and maintain management information systems;
 - 2.) collect information on unmet need through Level I and Level II CARE Assessments and other data systems; and
 - 3.) redesign the grant/contract procedures to streamline requirements and strengthen accountability.

I would be remiss, however, if I did not inform the committee of the current status of the Kansas Aging Management Information System (KAMIS) system. Although considerable effort has been spent over the past year on the development of the KAMIS, significant problems have developed. The current system has not met the basic management needs of KDOA, SRS or the AAA's, and, as a result, will undergo major redesign process this next year.

Highlights of KDOA Programs

In addition to the items already mentioned, the following are additional outcomes of KDOA programs which have occurred during this past year.

The Client Assessment, Referral and Evaluation program (CARE) implemented January 1, 1995, continues to help individuals seeking nursing facility care to find alternatives. During the past year, 14.6 percent of those assessed were diverted from nursing facility care to community based services at home or into alternative living situations such as assisted living.

Fiscal Year 1996 marked the fourth year in which the state-funded Senior Care Act program was operated in all eleven of the Area Agencies on Aging. During FY 96, the Senior Care Act expanded into new counties, and currently, 103 of the 105 Kansas counties are receiving Senior Care Act funds. In FY 96, 4815 customers received services under the Senior Care Act, an 8 percent increase over FY 95.

Volunteer LTC Ombudsmen Pilot units were established in Shawnee and Johnson counties this Fall. There are currently 31 trained volunteers serving, providing facility site visits in nursing homes and assisted living and handling complaint intake.

Legislation

At the invitation of Senator Praeger, the department will be requesting the introduction of several bills this session. I would like to ask Dan Gronniger, Chief Legal Counsel for KDOA, to summarize these for you now.

Conclusion

I appreciate your invitation to provide an update on the activities of KDOA during the past year and our future goals. I will be happy to address any questions you may have.