

Approved: 3-7-97  
Date

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 February 26, 1997 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department  
Kathy Porter, Legislative Research Department  
Mark Burenheide, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Janet Henning, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Senator Salmans moved, Senator Morris seconded, that minutes for February 20 and 21 be approved. The motion carried on a voice vote.

Senator Morris reviewed the Subcommittee report for SRS - Mental Health and Development Disabilities Services Summary (Attachment 1). Senator Feleciano moved, Senator Morris seconded, that FY 1997-98 Subcommittee report for SRS-Mental Health and Development Disabilities Services Summary be approved. The motion carried on a voice vote.

Senator Salisbury reviewed the Subcommittee report for SRS - Community Developmental Disabilities Services (Attachment 2). In response to questions from Senators Downey and Petty regarding new home construction delays in Cowley County, Secretary Rochelle Chronister, SRS, advised this issue was anticipated and all areas are being addressed to alleviate any problems.

Senator Salisbury moved, Senator Ranson seconded, that Subcommittee report for SRS - Community Developmental Disabilities Services budget be approved. The motion carried on a voice vote.

Senator Downey inquired if the Parent Assistance Network issue had been addressed which the House Subcommittee had discussed (Attachment 2, page 3, item 2). The House Subcommittee had recommended adding \$100,000 SGF to the Aid and Assistance account to increase funding to the Parent Assistance Network (PAN) run by Families Together. Senator Kerr responded the final House Subcommittee recommendation was to delete the \$100,000 SGF and directed SRS-MH&DD to fund the additional \$100,000 out of existing resources.

After a discussion by Committee members and Fiscal staff members, Senator Feleciano moved to reconsider the budget, seconded by Senator Downey. In response to questions from Senator Downey regarding the designation the House gave SRS to fund this program out of existing resources and what would happen with that requirement, Secretary Chronister replied the funds could be matched with federal funds. The motion carried on a show of hands.

Senator Feleciano moved to add language to direct SRS to fund \$100,000 for this program, seconded by Senator Downey.

Senator Morris requested a substitute motion which would provide \$50,000 from SGF, seconded by Senator Downey. The motion carried on a show of hands.

Senator Feleciano moved, Senator Salisbury seconded, to adopt Subcommittee report for SRS -

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 26, 1997.

Community Developmental Disabilities Services as amended. The motion carried on a voice vote.

Senator Salisbury informed Committee members that the Subcommittee concurs with the Governor on the FY 1997 - 1998 Mental Retardation Institutions budget. Senator Salisbury moved, Senator Downey seconded, that Subcommittee report for Mental Retardation Institutions be approved. The motion carried on a voice vote. (Attachment 3)

Senator Morris reviewed the Subcommittee report for SRS - Community Mental Health Services (Attachment 4). SRS staff members responded to questions from Committee members regarding the funding of psychiatric medications for low income individuals with a serious mental illness who do not have Medicaid, Medicare, or private insurance (Attachment 4, page 13, item 15).

Senator Morris moved to amend the Subcommittee report, seconded by Senator Feleciano, to include a proviso to direct SRS to provide the funding necessary to continue assistance to these individuals. The motion carried on a voice vote.

Senator Kerr questioned funds appropriated to Topeka State Hospital in FY 1998 that are not used by the hospital and are to be reallocated to fund community services (Attachment 4, page 9, item 5). After a brief discussion, Senator Ranson moved, seconded by Senator Jordan, to remove Item 5 from Subcommittee report for SRS - Community Mental Health Services. The motion carried on a voice vote.

Senator Kerr requested information regarding the addition of \$50,000 SGF to the Aid and Assistance account to increase funding to Kansas Alliance for the Mentally Ill (KsAMI) and Kansas Mental Illness Awareness Council (KMIAC). Senator Kerr inquired if the two groups have specific goals and whether there is a determination if the groups did achieve these goals by the end of the year. This is an issue since the proposed funding is \$100,000 SGF cash in FY 1998/ A spokesperson for SRS stated there are no specific goals or requirements as the funds are awarded as grants. Senator Kerr suggested the Committee consider recommending the groups be required to develop goals that they would be expected to achieve. The groups themselves should be involved in the establishment of the goals. Funds would not be withheld in FY 1998 but it would be required that the goals be mutually established between the SRS and the two groups prior to the dispersing of funds. Senator Lawrence moved, Senator Ranson seconded, that the suggestion of Senator Kerr be amended into the Subcommittee report. The motion carried on a voice vote.

Senator Morris moved, Senator Jordan seconded, that the Subcommittee report for SRS - Community Mental Health be approved as amended. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:37 p.m.

The next meeting is scheduled for February 27, 1997.

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 2-26-97

NAME	REPRESENTING
Lilli Guard	Families Together, Inc.
Josie Torres	Families Together, Inc.
CANDIA Byrnes	Ks. Mental Health Coalition
Wittia Harder	League of Women Voters
Tom Laing	InterLab
Ellen Piekalkiewicz	Assoc. of CMHCs
Jane Rizzo	Ks Council on DD
Thompson Jones	SILCK
Gina McDonald	KACIC
Priscilla A. Marsh	League of Women Voters
Tawita Davidson	Senator Salmon's Office
Hennis Johnson	TILRC
Susan Briggs	TILRC
Ganice Nelson Kimball	senator Mervis
LINDA McGill	PMA
Robelle Chronister	SRC
Mike Hestenes	SRS
Don Pollock	SRS
<i>[Signature]</i>	<i>[Signature]</i>



**SUBCOMMITTEE REPORT**

**Agency:** SRS-Mental Health and Development  
Disabilities Services Summary

**Bill No.** 2272

**Bill Sec.** 23

**Analyst:** Kannarr

**Analysis Pg. No.** 769

**Budget Page No.** 432

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 6,730,969	\$ 7,410,969	\$ 0
Aid to Local Units	73,092,057	73,092,057	0
Other Assistance	138,889,175	135,743,896	0
Subtotal Oper. Expend.	\$ 218,712,201	\$ 216,246,922	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 218,712,201</b>	<b>\$ 216,246,922</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 3,398,156	\$ 4,078,156	\$ 0
Aid to Local Units	53,888,862	53,888,862	0
Other Assistance	57,030,224	57,328,260	0
Subtotal Oper. Expend.	\$ 114,317,242	\$ 115,295,278	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 114,317,242</b>	<b>\$ 115,295,278</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 3,332,813	\$ 3,332,813	\$ 0
Aid to Local Units	19,203,195	19,203,195	0
Other Assistance	81,858,951	78,415,636	0
Subtotal Oper. Expend.	\$ 104,394,959	\$ 100,951,644	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 104,394,959</b>	<b>\$ 100,951,644</b>	<b>\$ 0</b>
FTE Positions	61.0	64.0	0.0
Unclass. Temp. Positions	26.0	27.0	0.0
<b>TOTAL</b>	<b>87.0</b>	<b>91.0</b>	<b>0.0</b>

Senate Ways and Means Committee

Date 2-26-97

Attachment # 1

### Agency Estimate/Governor's Recommendation

The agency estimate of \$218,712,201 in operating expenditures for FY 1997 is \$127,953,080, or 141.0 percent, above the budget of \$90,759,121 approved by the 1996 Legislature as adjusted by the Secretary of Social and Rehabilitation Services. The original approved budget for the Division was \$76,244,428 but subsequently the Secretary of Social and Rehabilitation Services (SRS) shifted State General Fund resources within the mental health and developmental disability system. The beginning State General Fund appropriation was \$52,160,126 and the revised appropriation is \$66,674,819, an increase of \$14,514,693. **(Staff Note:** Beginning with the 1996 Legislature, all State General Fund monies for mental retardation institutions, mental health institutions, and all community service grants were placed into one line item instead of being separately appropriated. The Secretary of Social and Rehabilitation Services (SRS) was given the authority to shift money from this line item between hospitals and between hospitals and community services at her discretion as long as the total appropriation is not exceeded. No individual State General Fund appropriations were set by the Legislature for the institutions. In addition, the Secretary also has the discretion granted by the Legislature to transfer FTE positions between the hospitals.)

The following chart shows a comparison between the agency estimate and the Governor's recommendation for FY 1997.

	FY 1997 Agency Est.	FY 1997 Gov. Rec.	Difference
<b>BY PROGRAM</b>			
Administration	\$ 1,660,384	\$ 2,340,384	\$ 680,000
Mental Health Services	52,642,858	52,642,858	0
Developmental Disabilities Services	163,481,178	160,335,899	(3,145,279)
Special Education	845,603	845,603	0
Hospital Special Projects	82,178	82,178	0
TOTAL	<u>\$ 218,712,201</u>	<u>\$ 216,246,922</u>	<u>\$ (2,465,279)</u>
<b>BY OBJECT OF EXPENDITURE</b>			
Salaries and Wages	\$ 3,373,637	\$ 3,373,637	\$ 0
Other State Operations	3,357,332	4,037,332	680,000
Aid to Local Units	73,092,057	73,092,057	0
Other Assistance	138,889,175	135,743,896	(4,059,551)
TOTAL	<u>\$ 218,712,201</u>	<u>\$ 216,246,922</u>	<u>\$ (2,465,279)</u>
<b>BY FUNDING SOURCE</b>			
State General Fund			
State Operations	\$ 3,255,356	\$ 3,255,356	\$ 0
Aid and Assistance	110,988,702	111,286,738	298,036
State Hospital Closure Fund*	73,184	73,184	0
Atypical Antipsychotic Medications	0	680,000	680,000
Total State General Fund	<u>\$ 114,317,242</u>	<u>\$ 115,295,278</u>	<u>\$ 978,036</u>
All Other Funds	104,394,959	100,951,644	(3,443,315)
TOTAL	<u>\$ 218,712,201</u>	<u>\$ 216,246,922</u>	<u>\$ (2,465,279)</u>
* The 1996 Legislature originally appropriated \$1,000,000 for closure expenditures to MH&DD. Subsequently, MH&DD transferred \$926,816 of those funds to the Topeka State Hospital budget.			

The increase in expenditures over the approved amount is contained almost solely in the Other Assistance portion of the budget. The increase is the culmination of several factors: (1) The transfer of funding for the Intermediate Care Facilities for Mentally Retarded (ICF-MR) funding from the Adult and Medical Services - Long Term Care budget to MH&DD. Estimated expenditures for this budget in FY 1997 are \$36,371,820 of which \$14,912,446 is State General Fund and \$21,459,374 is Medical Assistance-Federal Fund; and (2) The transfer of the Home and Community Based Services-Mentally Retarded (HCBS-MR) waiver financing from the Adult and Medical Services - Long Term Care budget to MH&DD. Estimated expenditures for FY 1997 are \$101,217,355 including \$40,817,778 in State General Fund and \$60,399,577 in Medical Assistance-Federal Fund.

**The Governor recommends operating expenditures of \$216,246,922** in FY 1997, a decrease of \$2,465,279, or 1.1 percent, below the agency estimate. The decrease is largely accounted for in the other assistance portion of the Developmental Disabilities Services' budget. The FY 1997 recommendation is an increase of \$42.2 million (\$21.8 million State General Fund) over the FY 1996 actual expenditures. This is largely due to the refinancing of the Home and Community Bases Services (HCBS/MR) waiver which increased revenues from this Medicaid source significantly. Expenditures in the waiver program increased from \$71.8 million in FY 1996 to \$101.2 million in FY 1997, an increase of \$29.5 million. The other source of the increase was in Mental Health Grants where expenditures increased by \$14.3 million between FY 1996 and FY 1997.

### **Closure of Topeka State Hospital**

Topeka State Hospital is currently scheduled for closure on June 30, 1997. In order to accommodate closure, resources within the mental health and developmental disabilities system are being reallocated to assure adequate backup capacity in the remaining three mental health institutions (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility). In addition, efforts are being made to expand the availability of community based services to assure the successful closure of the hospital.

MH&DD has allocated \$4.7 million in FY 1997 and \$5.3 million in FY 1998 in additional State General Fund aid to local units to assist with the closure. (**Staff Note:** The agency estimate and request were prepared before the plan for the closure of Topeka State Hospital was completed. The amounts allocated represent the agency's estimates of the costs at the time of budget preparation.)

The following is contained in the *Governor's Budget Report, Vol. 1*: "A plan for developing community services at community mental health centers to allow for the elimination of approximately 231 beds in the state mental health hospitals has been developed by an advisory committee to allow for the closure of Topeka State Hospital. This committee was appointed by the Commissioner of Mental Health and Developmental Disabilities and includes SRS staff, community mental health executives, and advocates. The plan requires \$2.4 million in start-up costs and \$4,602,500 in operations costs for FY 1997. In addition, the Department has identified additional start-up costs of \$1,313,579 for closure that are not in the community mental health center's plan.

The annual cost of the plan will be \$7,890,000, beginning in FY 1998. Funding for community programs will be used to expand services in mental health hospital catchment areas. The plan will shut off admissions to Topeka State Hospital by March 1, 1997, and transfer patients at (the hospital) to the remaining hospitals or community services by the end of FY 1997."

**The Governor** concurs with the agency request for the Mental Health Services program in FY 1997. No changes are made to the agency program or strategic plan. For FY 1998, the Governor adds \$2.5 million SGF in aid to local units to fully fund the closure plan.

**The Governor** recommends an additional \$680,000 State General Fund in the MHDD Administration program for atypical antipsychotic medications. The money will be used by the state hospitals to assist patients in leaving the hospital. In addition, these funds can be used to acquire medication for those in community programs that would have access to the medications because of the lack of insurance or other resources.

### **House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation. Comments regarding individual issues are contained in the Subcommittee reports for Mental Health Services and Development Disabilities Services which follow this report.

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendations for FY 1997.

### **House Recommendation**

*The full House has not taken action on this agency's budget.*

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**Agency:** SRS - Mental Health and Developmental Disabilities **Bill No.:** 228  
 Services - Summary

**Bill Sec.:** 23

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 7,410,969	\$ 0
Aid to Local Units	73,092,057	0
Other Assistance	135,743,896	0
TOTAL	<u>\$ 216,246,922</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 4,078,156	\$ 0
Aid to Local Units	53,888,862	0
Other Assistance	57,328,260	0
TOTAL	<u>\$ 115,295,278</u>	<u>\$ 0</u>
FTE Positions	64.0	-
Unclassified Temp. Positions	27.0	-
TOTAL	<u>91.0</u>	<u>-</u>

**Senate Subcommittee Recommendation**

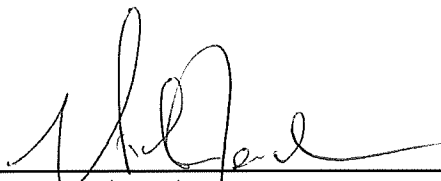
The Subcommittee concurs with the Governor's recommendation.

**Current Status Comparison**

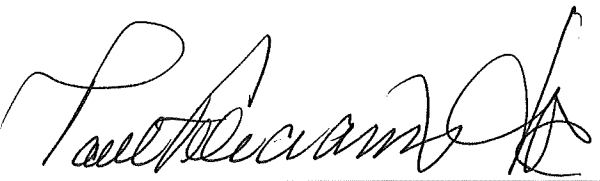
Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 7,410,969	\$ 0	\$ 0	\$ 0
Aid to Local Units	73,092,057	0	0	0
Other Assistance	135,743,896	0	0	0
<b>TOTAL</b>	<b>\$ 216,246,922</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>State General Fund:</b>				
State Operations	\$ 4,078,156	\$ 0	\$ 0	\$ 0
Aid to Local Units	53,888,862	0	0	0
Other Assistance	57,328,260	0	0	0
<b>TOTAL</b>	<b>\$ 115,295,278</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	64.0	--	--	--
Unclass. Temp. Positions	27.0	--	--	--

  
 \_\_\_\_\_  
 Senator Steve Morris  
 MH Subcommittee Chair

  
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 Senator Alicia Salisbury  
 MR/DD Subcommittee Chair

  
 \_\_\_\_\_  
 Senator Nick Jordan

  
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 Senator Pat Ranson

  
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 Senator Paul Feleciano, Jr.

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 Senator Christine Downey

**SUBCOMMITTEE REPORT**

**Agency:** SRS-Mental Health and Development  
Disabilities Services Summary

**Bill No.** 2160

**Bill Sec.** 61

**Analyst:** Kannarr

**Analysis Pg. No.** 769

**Budget Page No.** 432

Expenditure Summary	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 7,420,175	\$ 6,820,218	\$ 0
Aid to Local Units	70,442,514	73,134,062	50,000
Other Assistance	158,587,694	148,765,790	9,383,968*
Subtotal Oper. Expend.	\$ 236,450,383	\$ 228,720,070	\$ 9,433,968
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 236,450,383</b>	<b>\$ 228,720,070</b>	<b>\$ 9,433,968</b>
<b>State General Fund:</b>			
State Operations	\$ 3,906,844	\$ 3,487,507	\$ 0
Aid to Local Units	54,542,174	57,233,722	50,000
Other Assistance	69,070,934	61,079,636	7,870,744*
Subtotal Oper. Expend.	\$ 127,519,952	\$ 121,800,865	\$ 7,920,744
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 127,519,952</b>	<b>\$ 121,800,865</b>	<b>\$ 7,920,744</b>
<b>Other Funds:</b>			
State Operations	\$ 3,513,331	\$ 3,332,711	\$ 0
Aid to Local Units	15,900,340	15,900,340	0
Other Assistance	89,516,760	87,686,154	1,513,224*
Subtotal Oper. Expend.	\$ 108,930,431	\$ 106,919,205	\$ 1,513,224
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 108,930,431</b>	<b>\$ 106,919,205</b>	<b>\$ 1,513,224</b>
FTE Positions	73.0	64.0	0.0
Unclass. Temp. Positions	26.0	27.0	0.0
<b>TOTAL</b>	<b>99.0</b>	<b>91.0</b>	<b>0.0</b>

\* These figures include funding for the Nursing Facilities for Mental Health program recommended to be transferred from SRS Adult and Medical Services—Long-Term Care.

## Agency Request/Governor's Recommendation

The agency requests FY 1998 operating expenditures of \$236,450,383, an increase of \$17,738,182, or 8.1 percent, over the FY 1997 estimate of \$218,712,201. Of the request, \$1.7 million is for MH&DD Administration, \$61.0 million is for Mental Health Services, \$172.8 million is for Developmental Disabilities Services, \$855,289 is for Special Education Services, and \$84,079 is for Hospital Special Projects. Included in the request is \$3,869,779 for salaries and wages; \$2,884,224 for contractual services; \$77,674 for commodities; and \$80,016 for capital outlay.

**The Governor recommends operating expenditures of \$228,720,070** for FY 1998, a decrease of \$7,730,313 (3.3 percent) below the agency request.

The reason for the decrease of \$7.7 million between the agency request and the Governor's recommendation is the absence of the Nursing Facilities - Mental Health (NF-MH) program in the Governor's recommendation for MH&DD. This program totals \$9,283,968 (\$7,770,744 State General Fund) in FY 1998 in the other assistance portion of the budget. (**Staff Note:** The agency request to transfer the NF-MH program from SRS Long Term Care to MH&DD was included in a revised budget submission by the agency. Due to the timing of the submission, this request was not included in the Governor's analysis of the budget.) If the absence of the NF-MH program is excluded, the recommendation is an increase of \$1,553,655 (0.7 percent) above the agency request (including enhancements of \$1,534,564).

For FY 1998, the agency requests \$3,869,779 for salaries and wages including \$424,488 for 12.0 new FTE positions. Included in the request is \$48,089 for classified step movement, \$7,234 for unclassified merit increases, and \$21,960 for longevity bonus payments.

**The Governor** recommends \$3,423,051 for salaries and wages in FY 1998. The recommendation includes a 1.0 percent classified base salary adjustment and a 3.5 percent unclassified merit pool. Salaries and wages are also adjusted to reflect retirements and to correct a miscalculation of fringe benefits. **The Governor** does not recommend the \$424,488 and 12.0 FTE positions requested by the agency as part of an enhancement package to establish a system of regional coordinators.

## Mental Health Issues

### ◆ Nursing Facilities for Mental Health (NF-MH)

For FY 1998, the agency requests the Nursing Facilities for Mental Health (NF-MH) program be moved from the Adult and Medical Services - Long Term Care budget to the MH&DD budget. MH&DD has been administering the program but the funding was not counted in its budget. FY 1998 requested funding for this subprogram is \$9,283,968 of which \$7,770,744 is State General Fund and \$1,513,224 is Medical Assistance - Federal Fund (federal Medicaid match).

**The Governor** makes no recommendation regarding the transfer of the NF-MH program to MH&DD from Long Term Care.

◆ **Children's Mental Health Services**

The agency requests a \$1,000,000 State General Fund (SGF) enhancement package in FY 1998 to address identified gaps in services for children and adolescents with severe emotional disturbances, and their families. The Children's Initiative will be similar to the Mental Health Reform for adults with severe and persistent mental illness (SPMI). The Initiative will be directed at strengthening the natural supports available through functional families and their communities, and may include: case management, crisis stabilization, attendant care, wrap around services, flexible funding, respite care, school-based programs, and residential crisis stabilization.

**The Governor concurs** with the agency request of \$1,000,000 State General Fund for the Children's Initiative in the Mental Health Services program.

◆ **Regional Coordinators**

The agency requests an enhancement package of \$534,564 (\$386,218 State General Fund and \$148,346 Other Federal State Operations) and 12.0 FTE positions to establish a system of regional quality assurance staff to monitor mental health services provided. These 12.0 positions would be located in SRS area offices across the state. According to the agency, consumers and families have identified the need for MH&DD Central Office representation to respond to local concerns at the most immediate level. The agency states that current mental health staffing precludes being able to adequately generate comprehensive information for legislative review, provide technical assistance and monitor community service provision, grants and contracts with service providers.

**The Governor does not recommend** the 12.0 new FTE positions or the \$534,564 requested in the Mental Health Services program for the regional quality assurance program.

**Developmental Disabilities Issues**

◆ **Closure of Winfield State Hospital and Training Center**

Winfield State Hospital and Training Center (WSH&TC) is scheduled for closure on or before December 31, 1997. The Community Integration Project (CIP) which has been used since 1991 to move persons out of the state hospitals and into the community will be used to downsize the population at WSH&TC and other state hospitals. The decision as to whether clients at WSH&TC will move to another state hospital (Kansas Neurological Institute or Parsons State Hospital and Training Center) or to some type of community services is left to the parent or guardian and the client (to the extent possible). The placement process from all of the state hospitals will be accelerated to provide adequate capacity for clients from WSH&TC who will be transferred to one of the other hospitals.

**The Governor** does not make any adjustments to the agency's plans for closure. The only adjustments made to the Developmental Disabilities Services program in FY

1998 are to the HCBS/MR waiver (consensus caseload estimates) and the addition of funds to support schools receiving children from Winfield.

◆ **Developmental Disabilities Support Grants**

**The Governor** adds \$150,000 from the State General Fund to the Developmental Disabilities Services program in Aid to Local Units for equipment for school districts that will provide education services to children leaving Winfield State Hospital. The funds will allow up to \$5,000 to be used to acquire specialized equipment at schools for 30 children.

**House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation with adjustments to the Mental Health Services program and the Developmental Disabilities Services program explained in the separate reports for those services.

**House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendations with exceptions which are explained in the individual subcommittee reports for Mental Health Services and Developmental Disabilities Services.

**House Recommendation**

*The full House has not taken action on this agency's budget.*

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Agency: SRS - Mental Health and Developmental Disabilities Bill No.: 178  
Services - Summary

Bill Sec. 61

Expenditure	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:		
State Operations	\$ 6,820,218	\$ 0
Aid to Local Units	73,134,062	50,000
Other Assistance	<u>148,765,790</u>	<u>9,283,968 *</u>
TOTAL	<u>\$ 228,720,070</u>	<u>\$ 9,333,968</u>
State General Fund:		
State Operations	\$ 3,487,507	\$ 0
Aid to Local Units	57,233,722	50,000
Other Assistance	<u>61,079,636</u>	<u>7,770,744 *</u>
TOTAL	<u>\$ 121,800,865</u>	<u>\$ 7,820,744</u>
FTE Positions	64.0	-
Unclassified Temp. Positions	<u>27.0</u>	<u>-</u>
TOTAL	<u>91.0</u>	<u>-</u>

\* These figures reflect the transfer of the Nursing Facilities for Mental Health program from SRS Adult and Medical Services—Long-Term Care to MH and DD. No new funds are included in this item.

**Senate Subcommittee Recommendation**

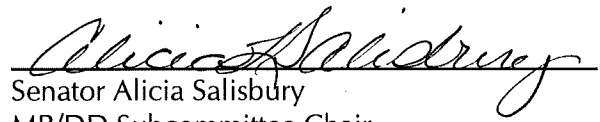
The Subcommittee concurs with the Governor's recommendation with adjustments and comments which are contained in the individual subcommittee reports for Mental Health Services and Developmental Disabilities Services.

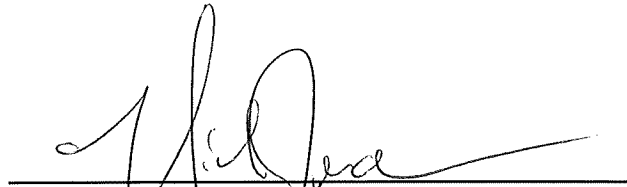
**Current Status Comparison**

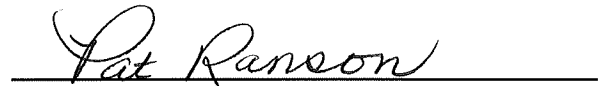
Expenditure	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 6,820,218	\$ 0	\$ 0	\$ 0
Aid to Local Units	73,134,062	0	50,000	50,000
Other Assistance	148,765,790	9,283,968 *	9,283,968	0
<b>TOTAL</b>	<b>\$ 228,720,070</b>	<b>\$ 9,283,968</b>	<b>\$ 9,333,968</b>	<b>\$ 50,000</b>
<b>State General Fund:</b>				
State Operations	\$ 3,487,507	\$ 0	\$ 0	0
Aid to Local Units	57,233,722	0	50,000	50,000
Other Assistance	61,079,636	7,770,774 *	7,770,744	0
<b>TOTAL</b>	<b>\$ 121,800,865</b>	<b>\$ 7,770,774</b>	<b>\$ 7,820,744</b>	<b>\$ 50,000</b>
FTE Positions	64.0	-	-	
Unclass. Temp. Positions	27.0	-	-	

\* These figures represent the transfer of the Nursing Facilities for Mental Health (NF-MH) program from the Adult and Medical Services - Long-Term Care portion of the SRS budget to the MH&DD commission. A corresponding amount should be decreased from the budget for Long-Term Care. No new funds are included in this amount.

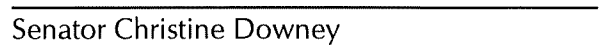
  
 Senator Steve Morris  
 MH Subcommittee Chair

  
 Senator Alicia Salisbury  
 MR/DD Subcommittee Chair

  
 Senator Nick Jordan

  
 Senator Pat Ranson

  
 Senator Paul Feleciano, Jr.

  
 Senator Christine Downey



**SUBCOMMITTEE REPORT**

**Agency:** SRS – Community Development  
Disabilities Services

**Bill No.** 2272

**Bill Sec.** 23

**Analyst:** Kannarr

**Analysis Pg. No.** 769

**Budget Page No.** 432

<u>Expenditure Summary</u>	<u>Agency Est. FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 1,557,339	\$ 1,557,339	\$ 0
Aid to Local Units	23,034,664	23,034,664	0
Other Assistance	138,889,175	135,743,896	0
<b>TOTAL</b>	<b><u>\$ 163,481,178</u></b>	<b><u>\$ 160,335,899</u></b>	<b><u>\$ 0</u></b>
<b>State General Fund:</b>			
State Operations	\$ 1,018,005	\$ 1,018,005	\$ 0
Aid to Local Units	15,549,313	15,549,313	0
Other Assistance	57,030,224	57,328,260	0
<b>TOTAL</b>	<b><u>\$ 73,597,542</u></b>	<b><u>\$ 73,895,578</u></b>	<b><u>\$ 0</u></b>
<b>Other Funds:</b>			
State Operations	\$ 539,334	\$ 539,334	\$ 0
Aid to Local Units	7,485,351	7,485,351	0
Other Assistance	81,858,951	78,415,636	0
<b>TOTAL</b>	<b><u>\$ 89,883,636</u></b>	<b><u>\$ 86,440,321</u></b>	<b><u>\$ 0</u></b>
FTE Positions	24.0	24.0	-
Unclassified Temp. Positions	1.0	1.0	-
<b>TOTAL</b>	<b><u>25.0</u></b>	<b><u>25.0</u></b>	<b><u>-</u></b>

**Agency Est./Governor's Recommendation**

For FY 1997, the agency requests \$163.5 million (\$73.6 million State General Fund) for operating expenditures in the Developmental Disabilities Services program. The estimate is an increase of \$31.3 million (23.6 percent) all funds and \$14.3 million (24.1 percent) State General Fund above the FY 1996 actual expenditures. Of the estimate \$768,441 is for administration; \$21.1 million is for Community Support Programs; \$3.2 million is for Family Support Grants; \$36.4 million is for Intermediate Care Facilities for the Mentally Retarded (ICF/MR); \$588,898 is for Targeted Case Management; and \$101.2 million is for the Home and Community Based Services - Mental Retardation (HCBS/MR) waiver.

Senate Ways and Means Committee

Date *2-26-97*

Attachment # *2*

**The Governor** recommends \$160.3 million (\$73.9 million State General Fund) for the DD Services program. The recommendation is a decrease of \$3.1 million all funds and an increase of \$298,036 State General Fund as compared to the agency estimate. The Governor decreases expenditures in the HCBS/MR waiver program due to consensus caseload adjustments but otherwise concurs with the agency estimate.

### **House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation comments contained in the FY 1998 report.

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendation.

### **House Recommendation**

*The full House has not taken action on this agency's budget*

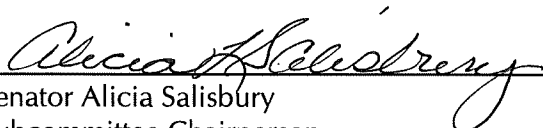
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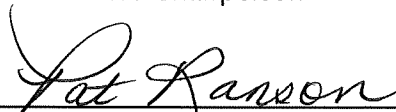
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<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Sub- committee Adjustments</u>
All Funds:		
State Operations	\$ 1,557,339	\$ 0
Aid to Local Units	23,034,664	0
Other Assistance	135,743,896	0
TOTAL	<u>\$ 160,335,899</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 1,018,005	\$ 0
Aid to Local Units	15,549,313	0
Other Assistance	57,328,260	0
TOTAL	<u>\$ 73,895,578</u>	<u>\$ 0</u>
FTE Positions	24.0	-
Unclassified Temp. Positions	1.0	-
TOTAL	<u>25.0</u>	<u>-</u>

**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation for FY 1997.

  
 \_\_\_\_\_  
 Senator Alicia Salisbury  
 Subcommittee Chairperson

  
 \_\_\_\_\_  
 Senator Pat Ranson

\_\_\_\_\_  
 Senator Christine Downey

### Current Status Comparison

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>House Committee Action FY 1997</u>	<u>Senate Subcommittee Action FY 1997</u>	<u>Senate Change from House</u>
All Funds:				
State Operations	\$ 1,557,339	\$ 0	\$ 0	\$ 0
Aid to Local Units	23,034,664	0	0	0
Other Assistance	<u>135,743,896</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 160,335,899</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
State General Fund:				
State Operations	\$ 1,018,005	\$ 0	\$ 0	\$ 0
Aid to Local Units	15,549,313	0	0	0
Other Assistance	<u>57,328,260</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 73,895,578</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	24.0	-	-	-
Unclass. Temp. Positions	1.0	-	-	-

**SUBCOMMITTEE REPORT**

**Agency:** SRS -- Community Development  
Disabilities Services

**Bill No.** 2160

**Bill Sec.** 61

**Analyst:** Kannarr

**Analysis Pg. No.** 769

**Budget Page No.** 432

<u>Expenditure Summary</u>	<u>Agency Req. FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 1,580,285	\$ 1,583,482	\$ 0
Aid to Local Units	21,905,952	22,055,952	0
Other Assistance	149,303,726	148,765,790	100,000
<b>TOTAL</b>	<b><u>\$ 172,789,963</u></b>	<b><u>\$ 172,405,224</u></b>	<b><u>\$ 100,000</u></b>
<b>State General Fund:</b>			
State Operations	\$ 1,037,974	\$ 1,041,171	\$ 0
Aid to Local Units	14,169,384	14,319,384	0
Other Assistance	61,300,190	61,079,636	100,000
<b>TOTAL</b>	<b><u>\$ 76,507,548</u></b>	<b><u>\$ 76,440,191</u></b>	<b><u>\$ 100,000</u></b>
<b>Other Funds:</b>			
State Operations	\$ 542,311	\$ 542,311	\$ 0
Aid to Local Units	7,736,568	7,736,568	0
Other Assistance	88,004,536	87,686,154	0
<b>TOTAL</b>	<b><u>\$ 96,283,415</u></b>	<b><u>\$ 95,965,033</u></b>	<b><u>\$ 0</u></b>
FTE Positions	24.0	24.0	--
Unclassified Temp. Positions	1.0	1.0	--
<b>TOTAL</b>	<b><u>25.0</u></b>	<b><u>25.0</u></b>	<b><u>--</u></b>

**Agency Request/Governor's Recommendation**

For FY 1998, the agency requests \$172.8 million (\$76.5 million State General Fund) for operating expenditures in the DD Services program. The request is an increase of \$9.3 million (\$2.9 million State General Fund) above the FY 1997 estimate. The request includes \$783,028 in administration; \$19.97 million for the Community Support program; \$3.2 million for Family Support Grants; \$38.6 million for the ICF-MR program; \$597,257 for Targeted Case Management; and \$109.4 million for the HCBS/MR waiver. Increases of \$8.2 million in the HCBS/MR waiver program and a \$2.2 million increase in the ICF-MR program account for the change between FY 1997 and FY 1998. These increases are partially offset by a \$1.1 million decrease in Community Support Grants due to the absence of closure related

grants available in FY 1997 but no in FY 1998. No enhancement package is requested for the DD Services program.

**The Governor** recommends expenditures of \$172.4 million (\$76.4 million State General Fund) for FY 1998, a decrease of \$384,739 (\$67,357 State General Fund) below the agency request. The Governor increases expenditures in the Community Support Program by \$150,000 State General Fund to provide money to local school districts that provide service to children leaving Winfield State Hospital and Training Center. Expenditures in the HCBS/MR waiver program are decreased by \$537,936 all funds due to consensus caseload adjustments.

### House Subcommittee Recommendation

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

1. **Developmental Disabilities Reform:** The Subcommittee received testimony regarding the administrative costs of Developmental Disabilities Reform (DD Reform). SRS initially identified \$3 million amended into the 1996 Omnibus appropriation bill as intended for DD Reform costs. Community organizations however, indicated the funds were intended to partially offset a number of unfunded community needs. They indicated no new funds were appropriated for DD Reform, and that the \$3 million amendment was a restoration of previously funded appropriated service dollars. The Subcommittee agreed, recalling the origins of the \$3 million.

The Subcommittee recounted how during 1995 and 1996, community organizations had agreed to allow SGF community funds to match new federal Home and Community Based Services (HCBS/MR) waiver funding to eliminate the waiting list which existed at that time. After HCBS/MR waiver expansion was completed, \$3 million remained unmatched from the original community SGF pool. The FY 1997 GBR reduced community support grants by that amount. At that time, community organizations testified that a number of needs existed for which no funding was provided, including services for persons not eligible for HCBS/MR waiver funds, services not covered by the waiver, and costs related to state rules and regulations implementing the DD Reform Act. The \$3 million Omnibus amendment was intended as a form of flexible state aid to meet some of those community service and administrative needs.

Community organizations testifies that costs for DD Reform implementation will be \$4.7 million in FY 1997, and asked for that amount in FY 1998. They indicated that funding of these costs would enable the \$3 million to be used for non-administrative needs in the community including, but not limited to, training, quality assurance activities, and continuation funding for persons needing employment services in the community.

The Subcommittee asked for additional information from both SRS and the community organizations so that the cost of DD Reform can be considered later in the session, most likely as an Omnibus item.

2. **Parent Assistance Network:** Add \$100,000 State General Fund to the Aid and Assistance account to increase funding to the Parent Assistance Network (PAN) run by Families Together. Total funding to PAN in FY 1998 will be \$200,000 State General Fund under this recommendation. The Subcommittee notes that as institutions are closed and downsized, more and more people will be relying on these types of family support services to help care for developmentally disabled children. In addition, the Subcommittee notes that these are very cost effective services to help families keep their children out of expensive institutional placements. According to Families Together, the additional funding will help serve 5,588 persons in FY 1998 as opposed to 2,200 under the current funding. Services provided to families include Parent Networking Conferences, Regional Parent Coordinators, Child Future Planning Sessions , Saturday Mini-Conferences and Workshops. All of these activities allow parents to network with and learn from other parents who have had similar experiences and also, to receive information on how to advocate and provide for their disabled child.
3. **Waiting Lists:** The Subcommittee notes the progress by MH&DD in eliminating the waiting list for people receiving services in the community both through the Home and Community Based Service - MR/DD (HCBS/MR) waiver program and other community support grants. The Subcommittee strongly supports the efforts to eliminate the waiting lists. The progress in the elimination of the waiting lists was accomplished largely by reallocating state resources within the MR/DD system to increase federal Medicaid revenues through refinancing the waiver. In order to be eligible to receive HCBS/MR waiver funds, a person must qualify for admission to an Intermediate Care Facility for the Mentally Retarded (ICF-MR). The Subcommittee notes that there are people who need support services but are not eligible for the HCBS-MR waiver and receive funding through other community support grants. The Subcommittee received testimony that current estimates on the potential waiting lists and the amount of funding needed to eliminate those lists will be available later in the session and that this issue should be addressed in the Omnibus session. The Subcommittee also encourages the Governor to join them in support of the goal to eliminate all waiting lists for developmental disabilities services in the community.
4. **Employment Services:** The Subcommittee expresses its support for employment support services for person with developmental disabilities. The Subcommittee would like to see SRS find \$1,000,000 through efficiencies within the MH&DD system to fund additional employment services through community support grants. This funding would support such services for people who do not qualify for employment support assistance through the HCBS/MR waiver program. The Subcommittee notes that people who receive HCBS/MR waiver funding for services but who were not previously in an institution are not eligible to receive employment services through the waiver funds. Employment services for these people need to be funded in other ways. SRS should report back to this Subcommittee before Omnibus regarding their progress in finding the \$1,000,000 and this issue should be addressed during the Omnibus session. The Subcommittee notes that if the DD Reform costs discussed in item 1 above are funded then this \$1,000,000 would be available within current funding.

5. **Employee Benefits Package:** The Subcommittee notes that the issue of the financing of the benefits package approved by the 1996 Legislatures (House Sub. for S.B. 388) for employees of Topeka State Hospital and Winfield State Hospital and Training Center will need to be addressed during the Omnibus session. At that time, better estimates of the actual cost of the package including the number of employees receiving the benefits will be available.
6. **Support to School Districts:** The Subcommittee notes that in the Governor's budget recommendation, \$150,000 State General Fund is recommended to provide support to local school districts in purchasing specialized equipment for children leaving Winfield State Hospital and Training Center. The funding would provide up to \$5,000 per child for 30 children. While the Subcommittee is supportive of this funding, it recommends that language in the appropriations bill regarding this money be amended to include children leaving any of the three mental retardation institutions.

### **House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendations with the following exception:

1. Delete \$100,000 State General Fund added by the Subcommittee for the Parent Assistance Network. The Committee directs SRS - MH&DD to fund the additional \$100,000 out of existing resources.

### **House Recommendation**

***The full House has not taken action on this agency's budget***

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<u>Expenditure</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 1,583,482	\$ 0
Aid to Local Units	22,055,952	0
Other Assistance	<u>148,765,790</u>	<u>0</u>
TOTAL	<u>\$ 172,405,224</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 1,041,171	\$ 0
Aid to Local Units	14,319,384	0
Other Assistance	<u>61,079,636</u>	<u>0</u>
TOTAL	<u>\$ 76,440,191</u>	<u>\$ 0</u>
FTE Positions	24.0	-
Unclass. Temp. Positions	<u>1.0</u>	<u>-</u>
TOTAL	<u>25.0</u>	<u>-</u>

**Senate Subcommittee Recommendation**

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

1. The Subcommittee recommends deleting funding for the 3.5 percent unclassified merit pool, classified step movement, longevity bonus payments and the 1.0 classified base salary adjustment. However, this deletion will be reflected in the Subcommittee report for the SRS budget as an agency-wide issue.
2. **Waiting Lists:** The Subcommittee notes the Community Developmental Disabilities Organizations (CDDO's) have a responsibility under the contract with MH&DD to manage all allocated funds such that all eligible persons, in addition to the minimum number required by the contract, be provided appropriate needed services. The expectation is that the standing community waiting lists of adults and families who would accept services immediately, if available, be eliminated. The 1996 DD Reform Act defines eligibility for community services, and SRS informed the Subcommittee that a waiting list includes those individuals who have applied for immediate services and also those who have applied for services to be

delivered in the future. According to SRS, there are 45 adults and 33 children who need immediate services. The CDDO's have reported that an additional 22 adults and 6 children will need services in the next 12 months. MH&DD believe these numbers are low and have requested additional data from CDDO's regarding the number of persons they have reason to believe will need services through June 1998. The Subcommittee has requested that the results of this effort be reported for deliberation on the Omnibus appropriations bill.

The Subcommittee further recommends that a consensus estimating project be conducted annually to provide the best caseload estimates possible. The consensus estimating process should include SRS, the Department of Education, and community organizations.

3. The Subcommittee received testimony that as part of the agency's efforts to increase the capacity to serve individuals, as well as to begin a project to increase the capability to serve persons with increasingly severe needs in the community, funding to CDDO's has been made increasingly more flexible. One example of this is in the area of family support services. In order to allow the CDDO's to serve increased numbers of families seeking services, funds have been set aside in the Closure Bridge Fund to be used flexibly by CDDO's to provide services to persons and families. Previously, funding sources that could be used for family support services were specific Family Support Grants which had restrictions on how they could be spent. Although the level of funding in this program has not increased for several years, many of the restrictions have been removed so that CDDO's can use them more efficiently.
4. **Closure of Winfield State Hospital and Training Center (Winfield):** The Subcommittee heard substantial testimony regarding the closure of Winfield on December 31, 1997. According to the testimony, the Community Integration Project (CIP), which has been used since 1991 to place persons in the community, will be used to place clients from all state mental retardation hospitals (SMRH's) to achieve successful closure of Winfield. Clients at all institutions and their families/guardians were given information to help them make a placement decision. The final choice about where a person with DD will live belongs to that person and his/her family/guardian. The plan for FY 1997 is to transfer 34 residents to Parsons and KNI and place 90 persons in community services to achieve a projected census of 98 residents on June 30, 1997. The remaining individuals are projected for placement in the first six months of FY 1998. Overall, an average of 12 persons per month, more than twice the average of previous years, are being placed in community settings. According to agency testimony, a slight delay has been encountered in placements due to construction delays by one of the providers who is building new homes for clients. Even so, the Subcommittee notes that SRS anticipates timely closure of the hospital. Funds to support individuals placed out of the institutions will be primarily through the HCBS/MR Medicaid waiver program. A Closure Bridge Fund has been established through the use of State General Fund moneys previously allocated to Winfield and moneys carried forward from FY 1996, both of which were used to pull-down additional HCBS/MR waiver funds. The agency has used available savings within the DD system to

maximize the use of the waiver to provide funding for people leaving the state hospitals and to assist CDDO's to eliminate the community waiting lists. Medicaid funds also have been used for pre-placement planning for moves to community services and start up funding for when the person moved.

5. **DD Reform Costs:** The Subcommittee received testimony on the costs to the system for DD Reform. The 1997 omnibus appropriations bill approved by the 1996 Legislature included \$3 million with a proviso "that in addition to other purposes for which such funding may be expended by the Community Developmental Disability Organization, such funding may be expended by the Community Developmental Disability Organizations for costs incurred for such organizations as a result of the implementation of the provisions of the Developmental Disabilities Reform Act." The Subcommittee was informed that MH&DD contracted with Grant Thornton to do an independent review of communities' services costs for the period January through May 1996. Among other thing, Grant Thornton reviewed the costs incurred by five CDDO's related to administering DD Reform and found, "all CDDO's/CSP's we talked to were consistent in their responses to say that very little incremental costs had been incurred so far because the law was very new and budgetary considerations of the efforts of the new law were only now beginning to be considered." The Subcommittee was informed that MH&DD intends to review the estimates of the CDDO's regarding the cost of DD Reform and attempt to reach a consensus regarding the actual costs to administer the Act. MH&DD will then attempt to determine from HCFA if the \$3 million or a portion of that amount can be used to match federal Medicaid funds at the administrative match rate of 50% to help defray the agreed upon costs. The Subcommittee requests that the findings regarding actual DD Reform costs be reported for deliberation on the Omnibus appropriations bill.
6. **HCBS/MR Waiver Adjustment:** The Subcommittee received testimony from MH&DD that the agency will be seeking approval from the Health Care Financing Administration (HCFA) to implement management mechanisms which will provide increased flexibility for the CDDO's to manage programmatically and fiscally at the local level. MH&DD will seek amendments to the HCBS/MR waiver which will reduce specific service requirements. Additionally, MH&DD, in cooperation with SRS Adult and Medical Services, plans to seek HCFA approval of an amendment to the State Medicaid Plan that will allow SRS to:
  - a. *Designate each CDDO as a Medicaid Prepaid Health Plan (PCP) provider.* This conforms with DD Reform establishing CDDO's as the single point of entry to DD services.
  - b. *Provide CDDO's a prepaid capitated payment for each eligible consumer enrolled based on current tiered rates, regardless of daily service status.* This eliminates the fee for service model, thus reducing the need for large sums of money to fund cash flow, and provides much greater flexibility to individualize services to each consumer, including providing non-traditional supports and realizing saving by using natural supports.

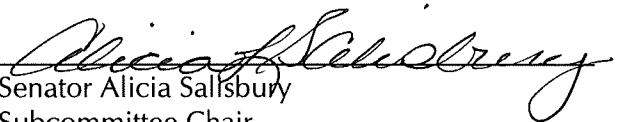
SRS anticipates the increased flexibility fiscally and programmatically will enable CDDO's to manage more efficiently within available appropriations. According to the agency, MH&DD would then expect CDDO's to agree to serve all eligible persons who request services in FY 1998.


7. **Support to School Districts:** The Subcommittee notes that in the Governors budget recommendation, \$150,000 State General Fund is recommended to provide support to local school districts in purchasing specialized equipment for children leaving Winfield. The funding would provide up to \$5,000 per child for 30 children. While the Subcommittee is supportive of this funding, it recommends that language in the appropriations bill regarding this money be amended to include children leaving any of the three mental retardation institutions.
8. **Self-Determination Project:** The Subcommittee received information that Kansas has been awarded a grant from the Robert Wood Johnson Foundation to fund a Kansas Self-Determination Project. MH&DD, in conjunction with two CDDO's (TARC in Topeka and COMCARE in Wichita) and an advisory panel of stakeholders, will initiate a demonstration project which will test the feasibility of taking "opportunities of choice" provided by DD Reform to the next logical level in Kansas. The demonstration project will test the following premises: (1) That consumers and families and their natural support systems can manage funds allocated for their services; (2) Preferred lifestyles can be provided through non-traditional services while maintaining the level of protection from harm and quality assurance needed to ensure that consumers are safe and well served; and, (3) The amount the State must expend per person will be less using a self-determination model than if services were provided through the traditional system of services to persons with developmental disabilities. The grant, which provides \$400,000, anticipates a three year time frame project. The Subcommittee commends SRS and MH&DD for seeking connections with the community.
9. **Hospital Employee Benefits:** The Subcommittee heard testimony regarding the problems encountered by SRS and the Department of Administration in getting an acceptable bid on providing term life insurance to employees laid off due to the closure of Winfield or Topeka State Hospital. A provision was included in 1996 House Sub. for S.B. 388 to provide term life insurance to employees for two years after lay-off. The Dept. of Administration and SRS submitted RFP's for bid by insurance companies twice and never received any bids. When a particular insurance company which provides benefits for state employees was approached, the cost quoted was prohibitive and above the cost for the state to essentially "self-insure". The Subcommittee notes that as a result, if a death of one of these employees occurs within the two year time frame (before 12-31-99), the cost of 150% of the employees salary for death benefits would have to be absorbed within budgeted resources. The Subcommittee recommends the passage of 1997 S.B. 363 that would authorize the Department of Administration to pay such benefits if an eligible employee dies.

- 10. **Kansas Neurological Institute:** The Subcommittee notes testimony it received from the Kansas Neurological Institute (KNI) that when the hospital reaches an average daily census of 220, money will be moved directly from KNI's budget to follow the person into the community. According to the testimony, the agency would expect to reach this census in August or September of 1997.
- 11. The Subcommittee was informed that SRS intends to adjust budget documentation before the next budget submission to more accurately reflect current funding streams. This would help to clarify actual program expenditures.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 1,583,482	\$ 0	\$ 0	\$ 0
Aid to Local Units	22,055,952	0	0	0
Other Assistance	148,765,790	0	0	0
<b>TOTAL</b>	<b>\$ 172,405,224</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>State General Fund:</b>				
State Operations	\$ 1,041,171	\$ 0	\$ 0	\$ 0
Aid to Local Units	14,319,384	0	0	0
Other Assistance	61,079,636	0	0	0
<b>TOTAL</b>	<b>\$ 76,440,191</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
FTE Positions	24.0	-	-	-
Unclass. Temp. Positions	1.0	-	-	-

  
 Senator Alicia Sallsbury  
 Subcommittee Chair

  
 Senator Pat Ranson

Senator Christine Downey

**SUBCOMMITTEE REPORT**

**Agency:** Mental Retardation Institutions

**Bill No.** 2272

**Bill Sec.** 23

**Analyst:** Kannarr

**Analysis Pg. Nos.** 858,864, **Budget Page Nos.** 322  
880,895 368, 514

Expenditure	Agency Est. FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 62,401,465	\$ 62,077,603	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 62,401,465	\$ 62,077,603	\$ 0
Capital Improvements	206,600	206,600	0
<b>TOTAL</b>	<b>\$ 62,608,065</b>	<b>\$ 62,284,203</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 29,838,856	\$ 29,020,288	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 29,838,856	\$ 29,020,288	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 29,838,856</b>	<b>\$ 29,020,288</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 32,562,609	\$ 33,057,315	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	\$ 32,562,609	\$ 33,057,315	\$ 0
Capital Improvements	206,600	206,600	0
<b>TOTAL</b>	<b>\$ 32,769,209</b>	<b>\$ 33,263,915</b>	<b>\$ 0</b>
FTE Positions	1,941.5	1,741.5	0.0
Unclassified Temp. Positions	30.0	30.0	0.0
<b>TOTAL</b>	<b>1,971.5</b>	<b>1,771.5</b>	<b>0.0</b>

Senate Ways and Means Committee

Date 2-26-97

Attachment # 3

## Agency Estimate/Governor's Recommendation

**Total operating expenditures for all state mental retardation institutions are estimated to be \$62,401,465** in FY 1997, a decrease of \$3.7 million (5.6 percent) below FY 1996 actual expenditures. State General Fund expenditures are estimated to be \$29,838,856, an increase of \$559,129 (1.9 percent) above actual FY 1996 expenditures. Included in the request is salaries and wages funding for 1,941.5 FTE positions. The hospitals request \$206,600 for capital improvement expenditures for various rehabilitation and repair projects.

Beginning with the 1996 Legislature, State General Fund (SGF) appropriations for all of the state institutions' (mental health and mental retardation) operating expenditures and central office aid and assistance grants were placed in a single line item. The Secretary of Social and Rehabilitation Services was given the authority to move SGF funds among hospitals and between hospitals and community services at the Secretary's discretion. The Secretary also has the discretion to transfer FTE positions among hospitals.

**The Governor recommends operating expenditures of \$62,077,603 for the state mental retardation institutions** in FY 1997, a decrease of \$323,862 (0.5 percent) below the agencies' estimates and a decrease of \$4.0 million (6.1 percent) below actual FY 1996 expenditures. The Governor recommends State General Fund expenditures of \$29,020,288, a decrease of \$818,568 (2.7 percent) below the agencies' estimates and a decrease of \$259,439 (0.9 percent) below actual FY 1996 expenditures. The recommendation includes salaries and wages funding for 1,741.5 FTE positions, a reduction of 200.0 FTE below the agencies' estimates. The reduction in FTE reflects an adjustment for positions that have left Winfield State Hospital and Training Center (WSH&TC) that will not be replaced with FTE positions. Reductions from the agencies' estimates reflect adjustments made due to the closure of WSH&TC. **The Governor** concurs with the estimate for capital improvements in FY 1997.

The following table shows the estimates for the individual institutions and the Governor's recommendations:

<b>Institution</b>	<b>Agency Estimate FY 1997</b>	<b>Gov. Rec. FY 1997</b>
Kansas Neurological Institute		
State General Fund	\$ 12,894,075	\$ 12,324,824
All Other Funds	10,676,374	11,171,080
Total	<u>\$ 23,570,449</u>	<u>\$ 23,495,904</u>
Parsons State Hospital & Training Center		
State General Fund	\$ 8,661,809	\$ 8,618,449
All Other Funds	9,395,150	9,395,150
Total	<u>\$ 18,056,959</u>	<u>\$ 18,013,599</u>
Winfield State Hospital & Training Center		
State General Fund	\$ 8,282,972	\$ 8,077,015
All Other Funds	12,491,085	12,491,085
Total	<u>\$ 20,774,057</u>	<u>\$ 20,568,100</u>
 TOTAL	 \$ 62,401,465	 \$ 62,077,603
FTE Positions:		
Kansas Neurological Institute	702.0	702.0
Parsons State Hospital & Training Center	518.0	518.0
Winfield State Hospital & Training Center	721.5	521.5
Unclassified Temp. Positions	30.0	30.0
TOTAL	<u>1,941.5</u>	<u>1,771.5</u>
Capital Improvements		
Kansas Neurological Institute	\$ 166,627	\$ 166,627
Parsons State Hospital and Training Center	39,973	39,973
Winfield State Hospital and Training Center	0	0
TOTAL	<u>\$ 206,600</u>	<u>\$ 206,600</u>

**House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation.

**House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendation.

**House Recommendation**

*The full House has not taken action on this agency's budget*



Agency: Mental Retardation Institutions

Bill No. 228

Bill Sec. 23

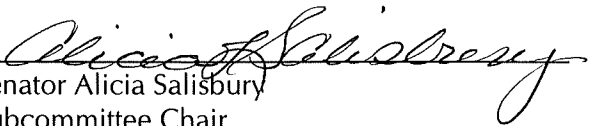
Institution	Gov. Rec. FY 1997	Senate Subcomm. Adjustment FY 1997
Kansas Neurological Institute		
State General Fund	\$ 12,324,824	\$ 0
All Other Funds	11,171,080	0
Total	<u>\$ 23,495,904</u>	<u>\$ 0</u>
Parsons State Hospital & Training Center		
State General Fund	\$ 8,618,449	\$ 0
All Other Funds	9,395,150	0
Total	<u>\$ 18,013,599</u>	<u>\$ 0</u>
Winfield State Hospital & Training Center		
State General Fund	\$ 8,077,015	\$ 0
All Other Funds	12,491,085	0
Total	<u>\$ 20,568,100</u>	<u>\$ 0</u>
 TOTAL	 <u>\$ 62,077,603</u>	 <u>\$ 0</u>
 Total State General Fund	 \$ 29,020,288	 \$ 0
 FTE Positions:		
Kansas Neurological Institute	702.0	--
Parsons State Hospital & Training Center	518.0	--
Winfield State Hospital & Training Center	521.5	--
Unclassified Temp. Positions	30.0	--
TOTAL	<u>1,771.5</u>	<u>--</u>
 Capital Improvements		
Kansas Neurological Institute	\$ 166,627	\$ 0
Parsons State Hospital & Training Center	39,973	0
Winfield State Hospital & Training Center	0	0
TOTAL	<u>\$ 206,600</u>	<u>\$ 0</u>


**Senate Subcommittee Recommendation**

The Senate Subcommittee concurs with the Governor's recommendation for FY 1997.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Subcommit- tee Action FY 1997	Senate Change from House
Kansas Neurological Institute				
State General Fund	\$ 12,324,824	\$ 0	\$ 0	\$ 0
All Other Funds	11,171,080	0	0	0
Total	<u>\$ 23,495,904</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Parsons State Hospital & Training Center				
State General Fund	\$ 8,618,449	\$ 0	\$ 0	\$ 0
All Other Funds	9,395,150	0	0	0
Total	<u>\$ 18,013,599</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Winfield State Hospital & Training Center				
State General Fund	\$ 8,077,015	\$ 0	\$ 0	\$ 0
All Other Funds	12,491,085	0	0	0
Total	<u>\$ 20,568,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 62,077,603</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total State General Fund	\$ 29,020,288	\$ 0	\$ 0	\$ 0
FTE Positions:				
Kansas Neurological Institute	702.0	--	--	--
Parsons State Hospital & Training Center	518.0	--	--	--
Winfield State Hospital & Training Center	521.5	--	--	--
Unclassified Temp. Positions	30.0	--	--	--
TOTAL	<u>1,771.5</u>	<u>--</u>	<u>--</u>	<u>--</u>
Capital Improvements				
Kansas Neurological Institute	\$ 166,627	\$ 0	-	\$ 0
Parsons State Hospital & Training Center	39,973	0	-	0
Winfield State Hospital & Training Center	0	0	-	0
TOTAL	<u>\$ 206,600</u>	<u>\$ 0</u>	<u>-</u>	<u>\$ 0</u>

  
\_\_\_\_\_  
Senator Alicia Salisbury  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Pat Ranson

\_\_\_\_\_  
Senator Christine Downey

**SUBCOMMITTEE REPORT**

**Agency:** Mental Retardation Institutions

**Bill No.** 2160

**Bill Sec.** 61

**Analyst:** Kannarr

**Analysis Pg. Nos.** 858,864, **Budget Page Nos.** 322  
880,895 368, 514

Expenditure	Agency Req. FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 49,463,787	\$ 49,622,722	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 49,463,787</u>	<u>\$ 49,622,722</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 49,463,787</u></u>	<u><u>\$ 49,622,722</u></u>	<u><u>\$ 0</u></u>
<b>State General Fund:</b>			
State Operations	\$ 25,367,895	\$ 23,808,688	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 25,367,895</u>	<u>\$ 23,808,688</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 25,367,895</u></u>	<u><u>\$ 23,808,688</u></u>	<u><u>\$ 0</u></u>
<b>Other Funds:</b>			
State Operations	\$ 24,095,892	\$ 25,814,034	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 24,095,892</u>	<u>\$ 25,814,034</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 24,095,892</u></u>	<u><u>\$ 25,814,034</u></u>	<u><u>\$ 0</u></u>
FTE Positions	1,907.5	1,707.5	0.0
Unclassified Temp. Positions	30.0	30.0	0.0
<b>TOTAL</b>	<u><u>1,937.5</u></u>	<u><u>1,737.5</u></u>	<u><u>0.0</u></u>

## Agency Request/Governor's Recommendation

**Operating expenditures of \$49,463,787 are requested for the state mental retardation institutions** in FY 1998, a decrease of \$12.9 million (20.7 percent) below the FY 1997 estimate. State General Fund requested expenditures of \$25,367,895 are a decrease of \$4.5 million (15.0 percent) below FY 1997 estimates. The decrease is due to the scheduled closure of Winfield State Hospital and Training Center (WSH&TC) on December 31, 1997 half-way through FY 1998. Exclusive of WSH&TC, requested expenditures for the mental retardation hospitals in FY 1998 are an increase of \$522,206 over FY 1997. No capital improvements are requested.

**The Governor recommends operating expenditures of \$49,622,722** for FY 1998, an increase of \$158,935 (0.3 percent) above the request. Recommended State General Fund expenditures of \$23,808,688 are a decrease of \$1.6 million (6.1 percent) below the request. The overall increase in expenditures is the result of the Governor's recommendation for a 1.0 percent base salary adjustment for classified and unclassified positions. The Governor does not recommend any capital improvement expenditures.

## Closure of Winfield State Hospital and Training Center (WSH&TC)

WSH&TC is scheduled to close on December 31, 1997 as recommended by the 1995 Hospital Closure Commission and approved by the 1996 Legislature. Clients will be placed into the community or transferred to other state institutions according to the decision of the client (where possible) and their parent(s) or guardian(s). Clients will continue to be placed into the community from all three state mental retardation hospitals through the Community Integration Project (CIP) which has been in use since 1991. Through this process, space will be made available in the remaining two hospitals to accommodate clients of WSH&TC who move into another institution. As of October 1996, 155 residents had chosen community placement, 23 had chosen to move to Kansas Neurological Institute, and 12 had chosen to transfer to Parsons State Hospital and Training Center. The hospital census at that time was approximately 190. Funding in FY 1998 at WSH&TC will support employees and services for six months. A discussion of funding for community services can be found in the analysis for the Division of Mental Health and Developmental Disabilities (MH&DD) Services in this publication.

**The Governor** makes no adjustments to the plan for the closure of WSH&TC.

## School Equipment for Developmentally Disabled Children

**The Governor** recommends \$150,000 from the State General Fund in FY 1998 to acquire specialized equipment for children leaving WSH&TC because of closure. These funds will be provided to school districts who will provide educational services to these children after they leave the hospital. According to the Governor's recommendation, up to \$5,000 will be provided for each of thirty children currently in the hospital.

The following table shows the estimates for the individual institutions and the Governor's recommendations:

<u>Institution</u>	<u>Agency Estimate FY 1998</u>	<u>Gov. Rec. FY 1998</u>
Kansas Neurological Institute		
State General Fund	\$ 13,045,953	\$ 12,304,329
All Other Funds	10,648,466	11,513,628
Total	<u>\$ 23,694,419</u>	<u>\$ 23,817,957</u>
Parsons State Hospital & Training Center		
State General Fund	\$ 10,783,432	\$ 10,078,936
All Other Funds	7,671,763	8,472,598
Total	<u>\$ 18,455,195</u>	<u>\$ 18,551,534</u>
Winfield State Hospital & Training Center		
State General Fund	\$ 1,538,510	\$ 1,425,423
All Other Funds	5,775,663	5,827,808
Total	<u>\$ 7,314,173</u>	<u>\$ 7,253,231</u>
 TOTAL	 \$ 49,463,787	 \$ 49,622,722
FTE Positions:		
Kansas Neurological Institute	668.0	668.0
Parsons State Hospital & Training Center	518.0	518.0
Winfield State Hospital & Training Center	721.5	521.5
Unclassified Temp. Positions	30.0	30.0
TOTAL	<u>1,937.5</u>	<u>1,737.5</u>
Capital Improvements	\$ 0	\$ 0

**House Subcommittee Recommendation**

The Subcommittee concurs with the Governor's recommendation.

**House Committee Recommendation**

The House Committee concurs with the Subcommittee recommendations.

**House Recommendation**

*The full House has not taken action on this agency's budget*

Institution	Gov. Rec. FY 1998	Senate Subcomm. Adjustment FY 1998
Kansas Neurological Institute		
State General Fund	\$ 12,304,329	\$ (427,494)
All Other Funds	11,513,628	(385,232)
Total	<u>\$ 23,817,957</u>	<u>\$ (812,726)</u>
Parsons State Hospital & Training Center		
State General Fund	\$ 10,078,936	\$ (474,644)
All Other Funds	8,472,598	(329,837)
Total	<u>\$ 18,551,534</u>	<u>\$ (804,481)</u>
Winfield State Hospital & Training Center		
State General Fund	\$ 1,425,423	\$ (38,914)
All Other Funds	5,827,808	(137,971)
Total	<u>\$ 7,253,231</u>	<u>\$ (176,885)</u>
 TOTAL	 <u>\$ 49,622,722</u>	 <u>\$ (1,794,092)</u>
 Total State General Fund	 \$ 23,808,688	 \$ (941,052)
FTE Positions:		
Kansas Neurological Institute	668.0	-
Parsons State Hospital & Training Center	518.0	-
Winfield State Hospital & Training Center	521.5	-
Unclassified Temp. Positions	30.0	-
TOTAL	<u>1,737.5</u>	<u>-</u>
Capital Improvements	\$ 0	\$ 0
 <b>Note:</b> All adjustments made by the Senate Subcommittee represent the deletion on funding for the salary enhancements.		

**Senate Subcommittee Recommendation**

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

1. The Subcommittee notes testimony it received from the Kansas Neurological Institute (KNI) that when the hospital reaches an average daily census of 220, then money will be moved directly from KNI's budget and will follow the person into the community. According to the testimony, the agency would expect to reach this census in August or September of 1997. In addition, the agency reports that 24 of 27 Winfield residents who sought a transfer to KNI in lieu of community placement have already been moved to KNI.

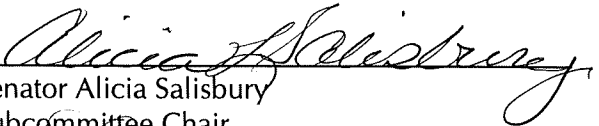
2. Delete \$1,794,092, including \$941,042 from the State General Fund on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$38,477); classified step movement (\$911,371); longevity bonus payments (\$486,037); and the 1.0 percent classified base salary adjustment (\$355,207) from individual agency budgets.

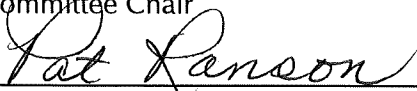
**Current Status Comparison**

Expenditure	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
Kansas Neurological Institute				
State General Fund	\$ 12,304,329	\$ 0	\$ (427,494)	\$ (427,494)
All Other Funds	11,513,628	0	(385,232)	(385,232)
Total	<u>\$ 23,817,957</u>	<u>\$ 0</u>	<u>\$ (812,726)</u>	<u>\$ (812,726)</u>
Parsons State Hospital & Training Center				
State General Fund	\$ 10,078,936	\$ 0	\$ (474,644)	\$ (474,644)
All Other Funds	8,472,598	0	(329,837)	(329,837)
Total	<u>\$ 18,551,534</u>	<u>\$ 0</u>	<u>\$ (804,481)</u>	<u>\$ (804,481)</u>
Winfield State Hospital & Training Center				
State General Fund	\$ 1,425,423	\$ 0	\$ (38,914)	\$ (38,914)
All Other Funds	5,827,808	0	(137,971)	(137,971)
Total	<u>\$ 7,253,231</u>	<u>\$ 0</u>	<u>\$ (176,885)</u>	<u>\$ (176,885)</u>
 TOTAL	 <u>\$ 49,622,722</u>	 <u>0</u>	 <u>\$ (1,794,092)</u>	 <u>\$ (1,794,092)</u>
 Total State General Fund	 \$ 23,808,688	 \$ 0	 \$ (941,052)	 \$ (941,052)
FTE Positions:				
Kansas Neurological Institute	668.0	-	-	-
Parsons State Hospital & Training Center	518.0	-	-	-
Winfield State Hospital & Training Center	521.5	-	-	-
Unclassified Temp. Positions	30.0	-	-	-
TOTAL	<u>1,737.5</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Improvements	\$ 0	\$ 0	\$ 0	\$ 0

**Note:** All adjustments made by the Senate Subcommittee represent the deletion on funding for the salary enhancements.



  
\_\_\_\_\_  
Senator Alicia Salisbury  
Subcommittee Chair

  
\_\_\_\_\_  
Senator Pat Ranson

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Senator Christine Downey

**SUBCOMMITTEE REPORT**

**Agency:** SRS—Community Mental Health Services

**Bill No.** 2272

**Bill Sec.** 23

**Analyst:** Kannarr

**Analysis Pg. No.** 769

**Budget Page No.** 434

Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,585,465	\$ 2,585,465	\$ 0
Aid to Local Units	50,057,393	50,057,393	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 52,642,858</b>	<b>\$ 52,642,858</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 1,385,716	\$ 1,385,716	\$ 0
Aid to Local Units	38,339,549	38,339,549	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 39,725,265</b>	<b>\$ 39,725,265</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 1,199,749	\$ 1,199,749	\$ 0
Aid to Local Units	11,717,844	11,717,844	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 12,917,593</b>	<b>\$ 12,917,593</b>	<b>\$ 0</b>
FTE Positions	15.0	15.0	-
Unclassified Temp. Positions	24.0	24.0	-
<b>TOTAL</b>	<b>39.0</b>	<b>39.0</b>	<b>-</b>

**Agency Estimate/Governor's Recommendation**

For FY 1997, the agency estimates operating expenditures of \$52.6 million (\$39.7 million State General Fund) for Mental Health Services in FY 1997. The estimate includes \$657,869 for Administration; \$10,032,644 for State Aid; \$17,825,952 for Mental Health Reform; \$23,201,232 for Mental Health Grants; and \$925,161 for the Sexual Predator Treatment Program. The estimate is an increase of \$12.3 million (\$6.4 million State General Fund) or 30.4 percent above FY 1996 actual expenditures.

**The Governor** concurs with the agency estimate for FY 1997 for Mental Health Services.

Senate Ways and Means Committee

Date 2-26-97

Attachment # 4

## Closure of Topeka State Hospital

Topeka State Hospital is currently scheduled for closure on June 30, 1997. In order to accommodate closure, resources within the mental health and developmental disabilities system are being reallocated to assure adequate backup capacity in the remaining three mental health institutions (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility). In addition, efforts are being made to expand the availability of community based services to assure the successful closure of the hospital.

MH&DD has allocated \$4.7 million in FY 1997 and \$5.3 million in FY 1998 in additional State General Fund aid to local units to assist with the closure. (**Staff Note:** The agency estimate and request were prepared before the plan for the closure of Topeka State Hospital was completed. The amounts allocated represent the agency's estimates of the costs at the time of budget preparation.)

The following is contained in the *Governor's Budget Report, Vol. 1*: "A plan for developing community services at community mental health centers to allow for the elimination of approximately 231 beds in the state mental health hospitals has been developed by an advisory committee to allow for the closure of Topeka State Hospital. This committee was appointed by the Commissioner of Mental Health and Developmental Disabilities and includes SRS staff, community mental health executives, and advocates. The plan requires \$2.4 million in start-up costs and \$4,602,500 in operations costs for FY 1997. In addition, the Department has identified additional start-up costs of \$1,313,579 for closure that are not in the community mental health center's plan.

The annual cost of the plan will be \$7,890,000, beginning in FY 1998. Funding for community programs will be used to expand services in mental health hospital catchment areas. The plan will shut off admissions to Topeka State Hospital by March 1, 1997, and transfer patients at (the hospital) to the remaining hospitals or community services by the end of FY 1997."

**The Governor** concurs with the agency request for the Mental Health Services program in FY 1997. No changes are made to the agency program or strategic plan. For FY 1998, the Governor adds \$2.5 million SGF in aid to local units to fully fund the closure plan.

## House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation. The Subcommittee addresses the closure of Topeka State Hospital in the report for FY 1998.

## House Committee Recommendation

The House Committee concurs with the Subcommittee recommendation.

**House Recommendation**

*The full House has not taken action on this agency's budget.*

**Agency:** SRS - Community Mental Health Services **Bill No.:** 228

**Bill Sec.:** 23

<u>Expenditure</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:		
State Operations	\$ 2,585,465	\$ 0
Aid to Local Units	50,057,393	0
Other Assistance	0	0
TOTAL	<u>\$ 52,642,858</u>	<u>\$ 0</u>
State General Fund:		
State Operations	\$ 1,385,716	\$ 0
Aid to Local Units	38,339,549	0
Other Assistance	0	0
TOTAL	<u>\$ 39,725,265</u>	<u>\$ 0</u>
FTE Positions	15.0	--
Unclassified Temp. Positions	24.0	--
TOTAL	<u>39.0</u>	<u>--</u>

**Senate Subcommittee Recommendation**

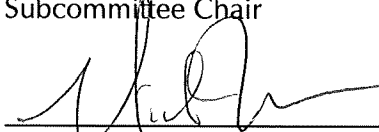
The Subcommittee concurs with the Governor's recommendation.

### Current Status Comparison

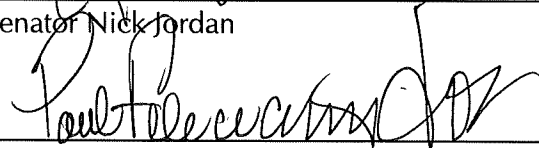
Expenditure	Gov. Rec. FY 97	House Committee Action FY 1997	Senate Subcommittee Action FY 1997	Senate Change from House
All Funds:				
State Operations	\$ 2,585,465	\$ 0	\$ 0	\$ 0
Aid to Local Units	50,057,393	0	0	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 52,642,858</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
State General Fund:				
State Operations	\$ 1,385,716	\$ 0	\$ 0	\$ 0
Aid to Local Units	38,339,549	0	0	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 39,725,265</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	15.0	-	-	-
Unclassified Temp. Positions	<u>24.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>39.0</u>	<u>-</u>	<u>-</u>	<u>-</u>



Senator Stephen R. Morris  
Subcommittee Chair



Senator Nick Jordan



Senator Paul Feleciano, Jr.

**SUBCOMMITTEE REPORT**

**Agency:** SRS—Community Mental Health Services

**Bill No.** 2160

**Bill Sec.** 61

**Analyst:** Kannarr

**Analysis Pg. No.** 769

**Budget Page No.** 434

Expenditure Summary	Agency Request FY 98	Gov. Rec. FY 98	House Subcommittee Adjustments
<b>All Funds:</b>			
State Operations	\$ 3,191,335	\$ 2,661,250	\$ 0
Aid to Local Units	48,536,562	51,078,110	50,000
Other Assistance	9,283,968	0	9,283,968 *
<b>TOTAL</b>	<b><u>\$ 61,011,865</u></b>	<b><u>\$ 53,739,360</u></b>	<b><u>\$ 9,333,968</u></b>
<b>State General Fund:</b>			
State Operations	\$ 1,827,507	\$ 1,445,768	\$ 0
Aid to Local Units	40,372,790	42,914,338	50,000
Other Assistance	7,770,744	0	7,770,774 *
<b>TOTAL</b>	<b><u>\$ 49,971,041</u></b>	<b><u>\$ 44,360,106</u></b>	<b><u>\$ 7,820,774</u></b>
<b>Other Funds:</b>			
State Operations	\$ 1,363,828	\$ 1,215,482	\$ 0
Aid to Local Units	8,163,772	8,163,772	0
Other Assistance	1,513,224	0	1,513,224 *
<b>TOTAL</b>	<b><u>\$ 11,040,824</u></b>	<b><u>\$ 9,379,254</u></b>	<b><u>\$ 1,513,224</u></b>
FTE Positions	27.0	15.0	--
Unclassified Temp. Positions	24.0	24.0	--
<b>TOTAL</b>	<b><u>51.0</u></b>	<b><u>39.0</u></b>	<b><u>--</u></b>

\* These figures represent the transfer of the Nursing Facilities for Mental Health (NF-MH) program from the Adult and Medical Services—Long-Term Care portion of the SRS budget to the MHDD commission. A corresponding amount is decreased from the budget for Long-Term Care. No new funds are included in this amount.

**Agency Request/Governor's Recommendation**

For FY 1998, the agency requests \$61.0 million (\$50.0 million State General Fund) in operating expenditures for Mental Health Services. The requested amount is an increase of \$8.4 million (\$10.2 million State General Fund) or 15.9 percent, above the FY 1997 estimate. The transfer of the Nursing

Facilities for Mental Health (NF-MH) program from the Adult and Medical Services - Long Term Care budget accounts for most of the increase. In addition, two enhancement packages totaling \$1,534,564, including 12.0 new FTE positions, are requested. These increases are partially offset by a decrease of \$1.52 million in miscellaneous mental health grants.

**The Governor** recommends \$53.7 million (\$44.4 million State General Fund) in operating expenditures for Mental Health Services. The recommendation is a decrease of \$7.3 million all funds (\$5.6 million State General Fund). The decrease is largely due to the absence of the NF-MH program which was omitted from the Governor's budget recommendations. The decrease is partially offset by an increase in mental health grants and a 1.0 percent base salary adjustment. Exclusive of the NF-MH program, the Governor's recommendation is an all funds increase of \$2.0 million above the agency request and a State General fund increase of \$9.9 million. The Governor concurs with the agency's enhancement request of \$1,000,000 State General Fund to implement a children's mental health services initiative.

### **Closure of Topeka State Hospital**

Topeka State Hospital is currently scheduled for closure on June 30, 1997. In order to accommodate closure, resources within the mental health and developmental disabilities system are being reallocated to assure adequate backup capacity in the remaining three mental health institutions (Larned State Hospital, Osawatomie State Hospital, and Rainbow Mental Health Facility). In addition, efforts are being made to expand the availability of community based services to assure the successful closure of the hospital.

MH&DD has allocated \$4.7 million in FY 1997 and \$5.3 million in FY 1998 in additional State General Fund aid to local units to assist with the closure. **(Staff Note:** The agency estimate and request were prepared before the plan for the closure of Topeka State Hospital was completed. The amounts allocated represent the agency's estimates of the costs at the time of budget preparation.)

The following is contained in the *Governor's Budget Report, Vol. 1*: "A plan for developing community services at community mental health centers to allow for the elimination of approximately 231 beds in the state mental health hospitals has been developed by an advisory committee to allow for the closure of Topeka State Hospital. This committee was appointed by the Commissioner of Mental Health and Developmental Disabilities and includes SRS staff, community mental health executives, and advocates. The plan requires \$2.4 million in start-up costs and \$4,602,500 in operations costs for FY 1997. In addition, the Department has identified additional start-up costs of \$1,313,579 for closure that are not in the community mental health center's plan.

The annual cost of the plan will be \$7,890,000, beginning in FY 1998. Funding for community programs will be used to expand services in mental health hospital catchment areas. The plan will shut off admissions to Topeka State Hospital by March 1, 1997, and transfer patients at (the hospital) to the remaining hospitals or community services by the end of FY 1997."

**The Governor** concurs with the agency request for the Mental Health Services program in FY 1997. No changes are made to the agency program or strategic plan. For FY 1998, the Governor adds \$2.5 million SGF in aid to local units to fully fund the closure plan.

### House Subcommittee Recommendation

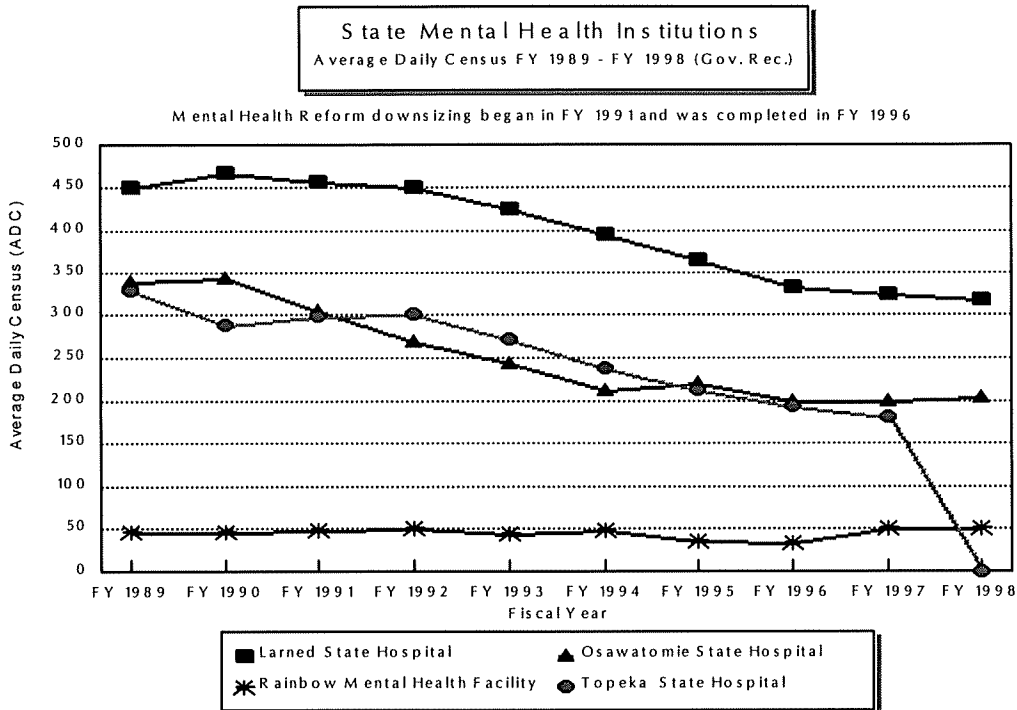
The Subcommittee concurs with the Governor's recommendation with the following exception and comments:

1. Add \$50,000 State General Fund to the Aid and Assistance account to increase funding to the Kansas Alliance for the Mentally Ill (KsAMI) (\$25,000) and the Kansas Mental Illness Awareness Council (KMIAC) (\$25,000). Funding for these organizations should be \$100,000 State General Fund each to KsAMI and KMIAC in FY 1998. Because we are closing a hospital there will be a greater need for these advocacy and support organizations and this is why funding is increased. The Subcommittee notes that funding has remained stagnant for these organizations for many years.
2. The Subcommittee recommends a proviso be added to the appropriations bill which dictates that any funds appropriated to Topeka State Hospital in FY 1998 that are not used by the hospital be used for one-time grants to community mental health centers (CMHC's).
3. The Subcommittee acknowledges that there are additional needs within the mental health system which were expressed during the public testimony. The subcommittee recommends revisiting these requests during the Omnibus session.
4. Shift \$9,283,968 (\$7,770,744 State General Fund) for the financing of the Nursing Facilities - Mental Health (NF-MH) program from the Adult and Medical Services - Long Term Care program to the MH&DD budget as requested by the agency. This program is currently administered by MH&DD but the funding is reflected in the Long Term Care budget. The transfer of this program was omitted from the Governor's recommendation due to the timing of the request. The Subcommittee urges the Subcommittee reviewing the SRS-Long Term Care budget to delete this funding from that budget.
5. The Subcommittee notes the significance of the closure of Topeka State Hospital at the end of FY 1997 as it illustrates the state's progress in providing quality mental health services in the community. The Subcommittee notes the following information regarding Mental Health Reform and downsizing at the state hospitals since FY 1989:

The Kansas Legislature passed the Mental Health Reform Act in 1990. This Act established the framework of the community mental health system which continues today. The Act was phased in over a period of six years beginning in the Osawatomie State Hospital catchment area in FY 1991. The second catchment area (Topeka State Hospital) began downsizing in FY 1993. The final round of Mental Health Reform downsizing was completed in the Larned State Hospital catchment area in FY 1996. Rainbow Mental Health Facility in Kansas City, Kansas was not

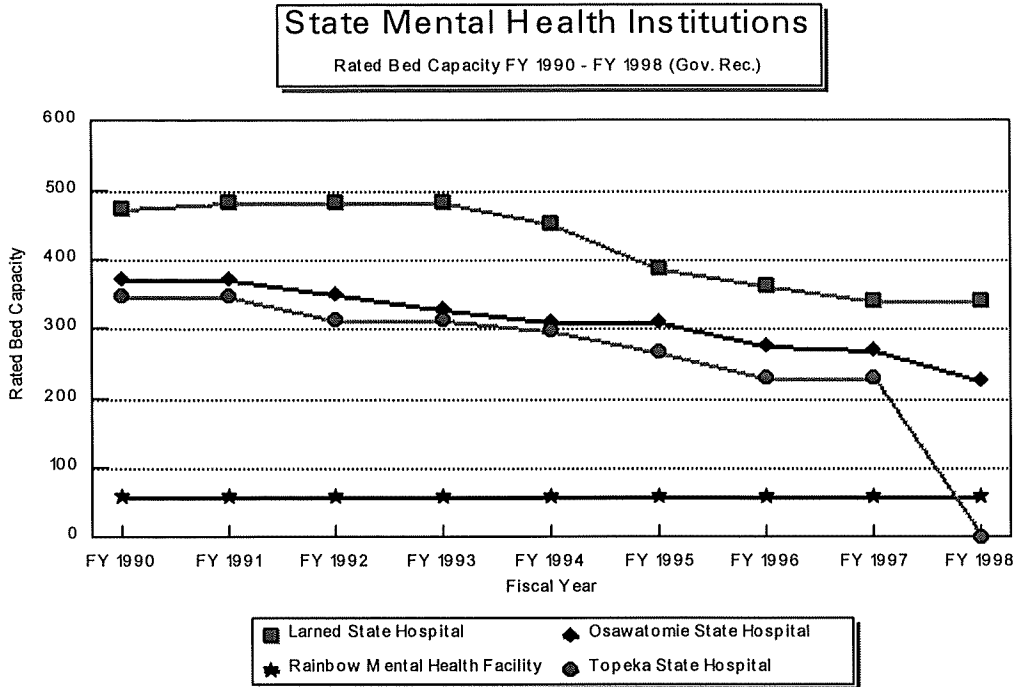


included in Mental Health Reform downsizing due to its small size (60 beds). Each catchment area was required to close 20 to 30 beds each fiscal year for a period of three years. As a result of Mental Health Reform, approximately 270 beds were closed at the state mental health institutions. Before beds were closed, money was distributed to the community mental health centers (CMHC's) in the catchment area in order to build up community services. CMHC's were established as the "gatekeepers" to the state institutions. After the implementation of the Act, every person admitted to a state institution is first screened by a CMHC to see if the person could be served adequately in the community. The following chart shows the average daily census at the state mental health institutions from FY 1989 before Mental Health Reform downsizing began to the Governor's recommendation for FY 1998:

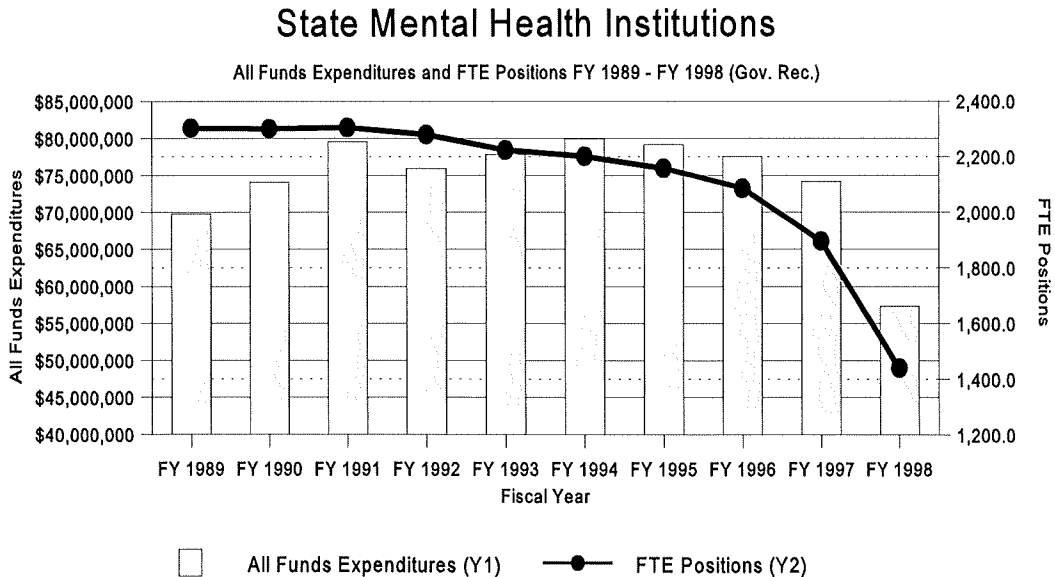


Total average daily census at the four institutions was 1,164 in FY 1989 and is estimated to be 757 in FY 1996 after the final required downsizing was completed at Larned. In addition to Mental Health Reform downsizing, additional beds were closed at the State Security Hospital at Larned (34 beds) due to low census and the Chemical Dependency units at Larned and Osawatomie were closed in the first quarter of FY 1997 (65 beds). Also, one additional ward was closed at Osawatomie due to low census in FY 1995 (30 beds).

The total bed capacity at the four institutions decreased from 1,254 in FY 1990 to 628 in FY 1998. The following chart shows the rated bed capacity at the individual institutions from FY 1990 to FY 1998 (Governor's recommendation):



As the bed capacity and average daily census have been downsized, the money and FTE positions needed to support the institutions has also decreased. The following chart illustrates the aggregate all funds expenditures and FTE positions for the state mental health institutions:



- The Subcommittee commends the Social and Rehabilitation Services (SRS) Division of Mental Health and Developmental Disabilities Services (MHDDS) for working with all of the mental health stakeholders including consumers, providers, and

advocates in coming forward with funding and a plan to build community mental health resources in order to begin serving the former clients of TSH.

7. **Children's Initiative:** The Subcommittee commends SRS and MHDDS for recognizing the need for children's mental health services in the community and for the creation of the Children's Initiative to address those needs. The Subcommittee requests that the agency focus the \$1,000,000 State General Fund (SGF) and any federal funds generated with those funds at direct services for children. The Subcommittee heard testimony from the agency that a Medicaid waiver application to support community based mental health services for children is being prepared at this time. The \$1,000,000 SGF recommended by the Governor would be used to draw down an additional \$7 to \$8 million in federal Medicaid money. The Subcommittee requests that this issue be revisited in Omnibus and that the agency report back to them at that time regarding the status of the waiver. Finally, the subcommittee acknowledges that the initial funding for the children's initiative is a good step forward in improving services for children.
8. The Subcommittee heard much testimony in support of the children's initiative. In addition, the Subcommittee recognizes the need for expanding community mental health services for children. The Subcommittee notes that the Kansas legislature demonstrated bold foresight 10 years ago when it began the process of Mental Health Reform. The many benefits of the community-based services for adults that resulted has been demonstrated in hundreds of ways. Additionally, our State has much to be proud of as we look around at what has been accomplished. The Subcommittee believes it is time for those same benefits to be made available to the children of Kansas, and to their families.
9. The Subcommittee heard testimony from advocates and consumers that the plans and funds targeted at the successful closure of Topeka State Hospital do not address existing needs. While a plan costing \$7.89 million was agreed upon which closes 231 state hospital beds (equivalent to the number of beds currently at Topeka State Hospital), the Subcommittee acknowledges that this does not address current service gaps for adults and children including but not limited to intensive case management, ongoing attendant care, respite care, adequate medical services, housing and other support services. The Subcommittee supports the development of an actual needs-based plan for children and adults with a cost estimate by the Governor's mental Health Services Planning Council and SRS.
10. The Subcommittee encourages the inclusion of all stakeholders including providers, advocates and consumers and their families in policy planning and implementation of new and existing mental health services. Recognizing that the mutual goal of all mental health system stakeholders is to provide the best services possible in a cost-efficient manner to adults and children with severe mental illnesses and emotional disorders, the Subcommittee reaffirms the principles set forth by Mental Health Reform that consumers and families, as well as the state and service providers, are equal participants in developing and implementing mental health system policy. There are two compelling reasons for consumer and family inclusion: (1) better public policies, and (2) ownership in those policies.

## House Committee Recommendation

The House Committee concurs with the Subcommittee recommendations with the following exceptions:

1. Delete \$50,000 added by the Subcommittee to increase funding for Kansas Alliance for the Mentally Ill (KsAMI) and the Kansas Mental Illness Awareness Council (KMIAC). The Committee directs SRS to fund the additional money out of the MH&DD Aid and Assistance State General Fund account recommended by the Governor with the proviso that it is distributed on a grant basis with specific performance measures developed by the agency.
2. The Committee recommends that the \$1,000,000 State General Fund recommended by the Governor for the Children's Initiative be placed in a separate line item in the appropriations bill with a proviso that none of the funds can be used for inpatient hospital beds for children.
3. The Committee recommends that no expenditures for children's private hospitalization for mental health services shall exceed the lowest paid rate in the state.

## House Recommendation

***The full House has not taken action on this agency's budget***

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Agency: SRS - Community Mental Health

Bill No.: 178

Bill Sec. 61

Expenditure	Gov. Rec. FY 98	Senate Subcommittee Adjustments
All Funds:		
State Operations	\$ 2,661,250	\$ 0
Aid to Local Units	51,078,110	50,000
Other Assistance	0	9,283,968*
TOTAL	<u>\$ 53,739,360</u>	<u>\$ 9,333,968</u>
State General Fund:		
State Operations	\$ 1,445,768	\$ 0
Aid to Local Units	42,914,338	50,000
Other Assistance	0	7,770,774*
TOTAL	<u>\$ 44,360,106</u>	<u>\$ 7,820,774</u>
FTE Positions	15.0	-
Unclassified Temp. Positions	24.0	-
TOTAL	<u>39.0</u>	<u>-</u>

\* These figures represent the transfer of the Nursing Facilities for Mental Health (NF-MH) program from the Adult and Medical Services - Long-Term Care portion of the SRS budget to the MHDD commission. A corresponding amount is decreased from the budget for Long-Term Care. No new funds are included in this amount.

### Senate Subcommittee Recommendation

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

1. The Subcommittee recommends deleting funding for the 3.5 percent unclassified merit pool, classified step movement, longevity bonus payments and the 1.0 classified base salary adjustment. However, this deletion will be reflected in the Subcommittee report for the SRS budget as an agency-wide issue.
2. Add \$50,000 State General Fund to the Aid and Assistance account to increase funding to the Kansas Alliance for the mentally ill (KsAMI) (\$25,000) and the Kansas Mental Illness Awareness Council (KMIAC) (\$25,000). Funding for these organizations should be \$100,000 State General Fund each in FY 1998. Because we are closing a hospital there will be a greater need for these advocacy and support organizations and this is why funding is increased. The Subcommittee note that funding has remained stagnant for these organizations for many years.

3. Shift \$9,283,968 (\$7,770,744 State General Fund) for the financing of the Nursing Facilities - Mental Health (NF-MH) program from the Adult and Medical Services - Long Term Care program to the MH&DD budget as requested by the agency. This program is currently administered by MH&DD but the funding is reflected in the Long Term Care budget. The transfer of this program was omitted from the Governor's recommendation due to the timing of the request. The Subcommittee urges the Subcommittee reviewing the SRS-Long Term Care budget to delete this funding from that budget.
4. The Subcommittee directs SRS to reallocate 4.0 FTE positions within the MH&DD system to the State Security Hospital at Larned State Hospital to replace positions eliminated by the Governor. The Subcommittee was informed that these 4.0 positions were eliminated due to retirement reductions and that the agency is currently appealing for the restoration of those positions.
5. The Subcommittee recommends that any funds appropriated to Topeka State Hospital in FY 1998 that are not used by the hospital be reallocated to fund community services.
6. **Inclusion and Comprehensive Planning:** The Subcommittee encourages the inclusion of all stakeholders including providers, advocates and consumers and their families in policy planning and implementation of new and existing mental health services. Recognizing that the mutual goal of all mental health system stakeholders is to provide the best services possible in a cost-efficient manner to adults and children with severe mental illnesses and emotional disorders, the Subcommittee reaffirms the principles set forth by Mental Health Reform that consumers and families, as well as the state and service providers, are equal participants in developing and implementing mental health system policy. In addition, the Subcommittee supports the development of a comprehensive community services enhancement plan in partnership with the Governor's Mental Health Services Planning Council to be designed to eliminate gaps and waiting lists.
7. **Children's Initiative:** The Subcommittee supports the \$1,000,000 Children's Initiative proposed by SRS. The Subcommittee recognizes the need for children's mental health services in the community as children's services were almost left out of Mental Health Reform. The template of services provided would include Screening and Evaluation, Planning and Care Coordination, Crisis Intervention, Therapy and Counseling, Support Services, and Residential Services. The Subcommittee heard testimony from the agency that a Medicaid waiver application to support community based mental health services for children who require intensive home and community-based services is being prepared at this time. The \$1,000,000 recommended by the Governor will be combined with existing funds allocated to children's services to leverage \$5.5 to \$6 million federal Medicaid funds. The agency estimates that of the 10,000 children served by Community Mental Health Centers (CMHC's), 1,000 of them will require these intensive services to avoid being placed in an institution. Currently, the services are not available for all of these children.

8. **Closure of Topeka State Hospital:** The Subcommittee heard significant testimony regarding the closure of Topeka State Hospital (TSH). The Subcommittee notes that under the plan agreed to between SRS and the CMHC's a total of 231 beds will be closed in the state hospital system which is equivalent to the current number of beds at TSH. The plan will cost \$4.6 million SGF in FY 1997 and \$7.89 million SGF beginning in FY 1998. In addition, one-time start-up costs were awarded in FY 1997 to initiate services and supports, housing, transportation, and communications equipment. Money was appropriated by the 1996 Legislature for closure costs for both Topeka State Hospital and Winfield State Hospital and Training Center. The following table illustrates the closure costs in FY 1997 and FY 1998:

	FY 1997		FY 1998	
	AF	SGF	AF	SGF
<b>One Time Start-up Expenditures</b>				
DD System:				
Preplacement Planning	\$ 480,254	\$ 480,254	\$ 0	\$ 0
Closure Start-up	1,259,455	1,259,455	0	0
<b>DD Total</b>	<b>\$ 1,739,709</b>	<b>\$ 1,739,709</b>	<b>\$ 0</b>	<b>\$ 0</b>
MH System:				
CMHC Grants	\$ 2,400,000	\$ 0	\$ 0	\$ 0
Telepsychiatry	550,000	0	0	0
Management Information System	500,000	0	0	0
Consumer Satisfaction Evaluation	175,000	0	0	0
Teacher Training	200,000	183,200	0	0
<b>MH Total</b>	<b>\$ 3,825,000</b>	<b>\$ 183,200</b>	<b>\$ 0</b>	<b>\$ 0</b>
Topeka State Employee Benefits	\$ 926,816	\$ 926,816	\$ 0	\$ 0
<b>MH&amp;DD Total</b>	<b>\$ 6,491,525</b>	<b>\$ 2,849,725</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Service Funding</b>				
DD Bridge Funds	\$ 19,149,112	\$ 7,851,136	\$ 27,381,354	\$ 11,226,355
MH Closure Grants	4,602,500	4,602,500	7,890,000	7,890,000
<b>MH&amp;DD Total</b>	<b>\$ 23,751,612</b>	<b>\$ 12,453,636</b>	<b>\$ 35,271,354</b>	<b>\$ 19,116,355</b>
* One time funding includes \$4 million from the MH&DD Title XIX fund.				

The Subcommittee was informed that as of February 20, 1997, there were 89 persons at TSH (16 children & adolescents and 78 adults). The hospital estimates that adults will be consolidated into two wards in March. The agency expects to close TSH by June 30, 1997 and does not anticipate any delays at this time.

9. **Catchment Areas:** The Subcommittee notes that with the closure of Topeka State Hospital, the catchment areas for the remaining state hospitals have been redefined and were effective February 15, 1997 (a map is attached at the end of this report). Larned State Hospital will continue to provide services for children, adolescents

and adults in the western half of the state with two additional CMHC's in its catchment area. Osawatomie will provide services to adults in the eastern half of the state. Rainbow Mental Health Facility will provide all adolescent and children's services for the eastern portion of the state. The Subcommittee received testimony that the average daily census of the eastern half of the state for children and adolescents was 42 as of December 1996. However, 29 of these were foster care children. There are currently only 8 adolescents at OSH and the hospital anticipates discharging them within the next month. The Subcommittee was assured that there will be more than adequate capacity at the surviving state institutions to provide backup as needed for the CMHC's.

10. **Employees of Topeka State Hospital:** The Subcommittee received testimony from TSH regarding employee issues at the hospital. As of February 21, 1997 there have been 278 employees separated from the hospital with 74 of those positions being replaced. The Subcommittee was provided with information regarding the classification of employees who have left. The Subcommittee was informed that while there was a declining number of employees, it was managed with a corresponding decline in census through interhospital transfers, decreased admissions by CMHC's, discharges into community settings, and the consolidation of wards. According to the testimony, there has been substantial activity related to employee assistance particularly in the area of job seeking. The assistance has been fostered through a career center made possible through a grant from the U.S. Department of Labor and administered by the Department of Human Resources as well as support from the Secretary's and Commissioner's office, the SRS personnel office, area offices, other departments including Corrections, community mental health centers and the private sector. The belief was expressed that there will be jobs available for all employees if they choose to accept the jobs. It was the conclusion of the Superintendent that the severance package approved by the 1996 Legislature in House Sub. For S.B. 388 has been very helpful in retaining employees and making closure successful.
11. **Transfer of Topeka State Hospital Patients:** The Subcommittee notes that between September 1996 and January 1997, 44 long-term patients were transferred to other state hospitals (43 to OSH and 1 to LSH) because they were deemed in need on continued hospitalization beyond closure. These transfers were agreed upon by the patients, families, guardians and the responsible CMHC. Before transfer, each patient or guardian received a formal notification of the transfer and the opportunity for a hearing if they objected to the transfer. According to testimony, only 1 hearing was requested. In addition, in that time period, 27 patients who were originally scheduled to be transferred were placed into the community because services were developed to care for them. Currently, 13 people still have transfers pending (7 to LSH and 6 to OSH). The Subcommittee notes that none of the patients transferred have been children or adolescents.
12. **Hospital Employee Benefits:** The Subcommittee heard testimony regarding the problems encountered by SRS and the Department of Administration in getting an acceptable bid on providing term life insurance to employees laid off due to the closure of Winfield or Topeka State Hospital. A provision was included in 1996 House Sub. for S.B. 388 to provide term life insurance to employees for two years



after lay-off. The Dept. of Administration and SRS submitted RFP's for bid by insurance companies twice and never received any bids. When a particular insurance company which provides benefits for state employees was approached, the cost quoted was prohibitive and above the cost for the state to essentially "self-insure". The Subcommittee notes that as a result, if a death of one of these employees occurs within the two year time frame (before 12-31-99), the cost of 150% of the employees salary for death benefits would have to be absorbed within budgeted resources. The Subcommittee recommends the passage of 1997 S.B. 363 that would authorize the Department of Administration to pay such benefits if an eligible employee dies.

13. **Sexual Predator Treatment Program:** The Subcommittee notes the issue of the Sexual Predator Treatment Program operated at the Larned Correctional Mental Health Facility (LCMHF) adjacent to Larned State Hospital. Funding is included in the Mental Health Services budget for the operation of the treatment program. Currently, the program serves 9 patients in a 30-bed wing at LCMHF. The Subcommittee notes that 570 sex offenders in the current Department of Corrections inmate population will be released in the next three years and that approximately 40 inmates currently held at LCMHF are good candidates for the program. A case challenging the constitutionality of the Violent Sexual Predator Act is currently on appeal to the U.S. Supreme Court with a decision expected in July 1997. If the Act is found to be constitutional, the Legislature may need to examine the expansion of the program due to the number of current inmates who could be candidates for commitment to the program.
14. **Discharge Planning:** The Subcommittee received testimony from SRS that the agency is working collaboratively with the Department of Corrections, the Parole Board, CMHC's and the KU School of Social Welfare to develop a discharge planning pilot project in the three major metropolitan areas of parolee releases (Kansas City, Topeka, and Wichita) which would assure coordination of community-based services for individuals released from DOC facilities who are mentally ill, remove existing barriers within the mental health system, and further educate parole staff on persons with mental illness. The agency is currently pursuing federal funding for this project.

Also, the Subcommittee received testimony from MH&DD that the agency is currently in the process of improving discharge planning at the State Security Hospital at Larned State Hospital. According to the agency the current process is not at the level it should be to ensure successful integration into the community after release. The agency is working with the CMHC's to improve the process.

The Subcommittee notes that even though there is adequate discharge planning done before a person leaves a state hospital there can sometimes be difficulty in ensuring the person receives services and medications. CMHC's cannot force a person to receive services or participate in programs once the person is discharged into the community without a court order. If a CMHC feels the person will be a danger to self or others without services, the center can seek an involuntary commitment to the center from the court. However, if the person is not a danger to self or others but still needs services there is no legal option for the center to

force the person to receive services. The Subcommittee was informed that the number of persons who refuse to cooperate is very small but that the hospitals and CMHC's continue to work on the problem.

15. **Medications:** The Subcommittee receive significant testimony on the importance of advanced psychiatric medications in getting people out of institutions and into the community. Testimony from the state hospitals indicated that the use of medications such as Clozaril (used to treat schizophrenia) was a very significant factor in the discharge of people during Mental Health Reform who had been in the hospital for many years. The hospitals testified that they hope the new medications now on the market will help discharge a core group of long term patients who did not respond to the first new medications. For example, OSH noted that there is a core group of 49 long term patients at the hospital who they hope will be able to be discharged with these new medications. In addition, the Subcommittee received testimony that because these new medications are easier to take and have fewer side effects, patient compliance with continuing medications once they are in the community will likely increase.

The Subcommittee supports the Governor's recommendation of \$680,000 for atypical antipsychotic medications. According to testimony, these funds would be used by the community to fund psychiatric medications for those low income individuals with a serious mental illness who do not have Medicaid, Medicare, or private insurance. The Subcommittee notes that many of the psychiatric medications necessary to keep people in the community are very expensive. In addition, the Subcommittee was informed that these funds may help speed closure by allowing people to be discharged more quickly because they will not have to wait for money to be available for medication. Previously, some people could not be discharged as soon as they were ready because there were no resources available to pay for medication.

16. **Telepsychiatry Project:** The Subcommittee supports efforts by SRS and the CMHC's to establish a system of telepsychiatry to help deliver services to more remote areas. During FY 1998, MH&DD will fund a plan which will link thirty CMHC's, the Mental Health Consortium, Kansas University Medical Center, and the three remaining state mental health hospitals with cutting edge technology. Funding will be in the amount of \$550,000, and is part of the start-up funding for hospital closure. Funds will be given to the CMHC's who will then purchase or lease systems.
17. **Teacher Training Project:** The Subcommittee notes that MH&DD is currently working with the Department of Education and the University of Kansas to develop a contract which would provide teacher training on how to effectively deal with children who exhibit behaviors due to autism, serious emotional disturbance, or behavior disorder. Training would be provided to teachers in the school setting, parents, and other school professionals who come into contact with this population.

18. **Dietary Services - Downsizing:** The Subcommittee notes that significant reductions have been made at both OSH and LSH in the dietary programs as a result of being allowed to bid competitively against private vendors for food service contracts. Both hospitals analyzed their current systems and tried to find ways they could operate more efficiently. OSH was able to eliminate 7.5 FTE positions and LSH was able to eliminate 8.75 FTE positions as a result of this downsizing. LSH reduced costs by \$117,595 in FY 1997 and OSH reduced costs by \$52,332. The hospitals were able to find enough efficiencies and cost savings through re-engineering their services to successfully outbid private vendors for the provision of food service at the two hospitals.

**Dietary Services - Larned State Hospital:** LSH currently provides food service to the inmates at Larned Correctional Mental Health Facility (LCMHF). Preparation of these meals comprises about one-quarter of the meals prepared by the hospital which also provides service to the Youth Center at Larned. The Subcommittee examined the effect of discontinuing service to LCMHF if the Department of Corrections fully privatizes food services at that facility. The Subcommittee notes that the level of satisfaction at the correctional facility with the service it receives is very high. The Subcommittee is unclear at this time what effect the discontinuation of services would have on the hospital due to the significant downsizing that has already taken place at the hospital in the current year. The Subcommittee notes that any estimated impact (financial or programmatic) could change because the hospital is still in the early stages of working within new constraints imposed by the downsizing associated with outbidding private contractors for food service at the hospital. The Subcommittee is also unclear what effect this change would have on work opportunities for inmates but does note that the hospital utilizes inmate labor to help reduce costs.

19. **Inmate Labor:** The Subcommittee notes the use of inmate labor at both OSH and LSH has been very helpful to both institutions. OSH testified that it uses approximately 35,000 hours of inmate labor per year. LSH testified that the usage of inmates has allowed certain staff reductions. For example, Dietary and Laundry services have a combined reduction of 13.75 FTE with an annual savings of \$256,289. Services provided by inmates include dietary, laundry, engineering and groundwork.
20. **Seclusion and Restraint:** The Subcommittee heard testimony that significant efforts have been made in recent years to reduce the number of hours patients are in seclusion or restraint at the state mental health hospitals. Testimony from Larned State Hospital indicated they were able to reduce seclusion from an average of 64.5 hours per patient per year in FY 1992 to 9.5 hours in FY 1996. Average restraint hours per person per year went from 87.5 in FY 1992 to 15.0 in FY 1996. According to the testimony, these reductions were made possible by new and more effective psychotropic medications, staff involvement and continuous monitoring.
21. **Consumer Run Organizations:** The Subcommittee notes that it received requests from two Consumer Run Organizations (CRO's) for additional funding. The

Subcommittee recognizes that the services provided by these organizations are very valuable and cost efficient but does not recommend the additional funding at this time.

22. **Illegal Aliens:** The Subcommittee received testimony regarding difficulties being encountered with illegal aliens Larned State Hospital. According to testimony, if a mentally ill illegal comes to the hospital for services, the hospital has no choice but to admit that person for treatment. However, the hospital cannot discharge the person unless sufficient resources are available to care for the person in the community and there is a responsible party for the person. Generally, when a person is admitted to a state mental health hospital, they are assigned a county of residence. The CMHC responsible for that county is then responsible for that person. Illegal aliens have no county of residence and therefore have no responsible party. Currently, there are 2 Mexican illegal aliens at Larned State Hospital who cannot be released by the hospital. SRS reported that efforts in attempting to work with the appropriate Mexican provincial governments to take the people back have been unsuccessful.
  
23. **Physical Plant:** The Subcommittee notes that the physical plants at both OSH and LSH are getting old and that the state should consider doing some replacement and renovation if we are going to continue to operate these state mental health institutions. Many projects were put on hold during the discussions of closure because of the uncertainty of which institution would be closed. According to testimony, SRS is analyzing options to provide for the remaining institutions now that decisions have been made regarding the use of the remaining facilities. These projects would likely be done under the agency's rehabilitation and repair projects funding from the State Institutions Building Fund. The Subcommittee briefly discussed the use of KDFA financing for construction at the hospitals similar to the Regents Institutions.

**Current Status Comparison**

Expenditure	Gov. Rec. FY 98	House Committee Action FY 1998	Senate Subcommittee Action FY 1998	Senate Change from House
<b>All Funds:</b>				
State Operations	\$ 2,661,250	\$ 0	\$ 0	\$ 0
Aid to Local Units	51,078,110	0	50,000	50,000
Other Assistance	0	9,283,968*	9,283,968*	0
<b>TOTAL</b>	<b>\$ 53,739,360</b>	<b>\$ 9,283,968</b>	<b>\$ 9,333,968</b>	<b>\$ 50,000</b>
<b>State General Fund:</b>				
State Operations	\$ 1,445,768	\$ 0	\$ 0	\$ 0
Aid to Local Units	42,914,338	0	50,000	50,000
Other Assistance	0	7,770,774*	7,770,774*	0
<b>TOTAL</b>	<b>\$ 44,360,106</b>	<b>\$ 7,770,774</b>	<b>\$ 7,820,774</b>	<b>\$ 50,000</b>
FTE Positions	15.0	-	-	-
Unclassified Temp. Positions	24.0	-	-	-
<b>TOTAL</b>	<b>39.0</b>	<b>-</b>	<b>-</b>	<b>-</b>

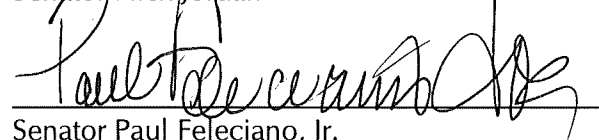
\* These figures represent the transfer of the Nursing Facilities for Mental Health (NF-MH) program from the Adult and Medical Services - Long Term Care portion of the SRS budget to the MH&DD commission. A corresponding amount should be decreased from the budget for Long-Term Care. No new funds are included in this amount.



Senator Stephen R. Morris  
Subcommittee Chair



Senator Nick Jordan

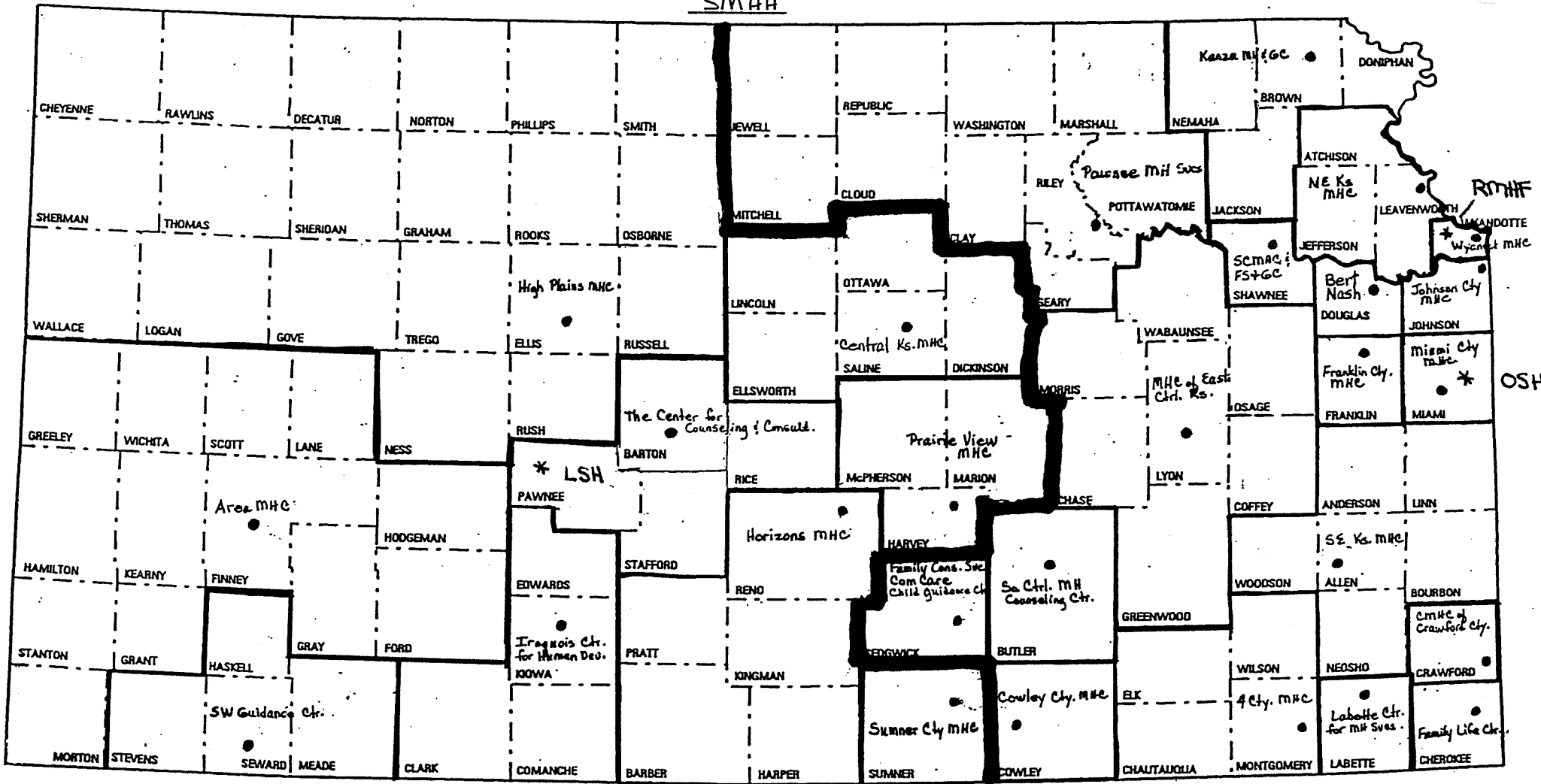


Senator Paul Feleciano, Jr.

Larned.

# KANSAS SMHH

Oswatimie + Rainbow



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