

Approved: 1-15-98
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:30 p.m. on January 13, 1998 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Stuart Little, Shannon Nichols, Susan Kannarr, April Holman, Rae Anne Davis, Reed Holwegner, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Helen Abramson, Administrative Aide; Linda Swain, Appropriations Secretary

Conferees appearing before the committee:

Rochelle Chronister, Social & Rehabilitation Services Secretary
Albert Murray, Juvenile Justice Authority Commissioner

Others attending: See attached list

Chair Kline welcomed the returning Appropriations Committee members.

Alan Conroy introduced the four new members of the Legislative Research Staff. Mr. Conroy distributed copies of Legislative Fiscal Analyst Assignments--FY 1999.

A report was presented by the State of Kansas Department of Social & Rehabilitation Services (SRS) on *Children's Health Insurance Initiatives* (Attachment 1). Secretary Rochelle Chronister's opening remarks reported on the work of two separate task forces. The recommendations include a Medicaid expansion known as the "Can Be Healthy Program". A meeting was recently held in Kansas to discuss what types of programs other regions will be adopting. Out of the ten states represented, eight will be adopting an expansion of their Medicaid programs. One state has chosen to go with their State Employment Program. Kansas was still undecided. Secretary Chronister noted her office will be glad to share information from the regional meeting if the Appropriations Committee requests it. After Secretary Chronister's brief remarks, Commissioner Ann Koci made the presentation for the purpose of reviewing the federal requirements for the Children's Health Insurance Program (CHIPS), also known as Title XXI. There are five basic issues: Design, Eligibility, Allotments, Outreach/Enrollments & Administration, and Financing and Maintenance of Effort. A State plan must be submitted to and approved by HIFA by 9/30/98 to be able to receive federal funds. HIFA has 90 days to approve the plan which backs up the deadline to July. The sooner the State Plan is submitted to HIFA the better chance we have of preserving the full allocation of funds. We are able to carry forward the allocation from one year to the next for the first 3 years. FY '98 dollars can be preserved and utilized through the Federal FY 2000. The match rate for the Title XXI dollars is approximately 28%. Revised allocations bring the total Kansas contribution to \$12 million to obtain the entire federal allotment. Combined funds would provide \$43 million to purchase health care for approximately 60,000 children. In response to several questions from the Representatives, Commissioner Koci and Secretary Chronister stated the program is expected to be funded a minimum of 10 years with \$24 billion the first five years and an additional \$24 billion the next five years. The percentage of uninsured children eligible for Medicaid stands at 17% -- well below the nation average. The "Can Be Healthy Plan" does provide mental health coverage. The package would cost approximately \$666 per year which would be \$50 per month, with no deductibles.

Chair Kline introduced the new Appropriations Committee Secretary, Linda Swain.

Commissioner Albert Murray, from the Juvenile Justice Authority (JJA) provided an update on the *Juvenile Justice Authority* (Attachment 2). The JJA began operating on July 1, 1997 with a mission to improve public safety, enhance accountability on the part of juvenile offenders, and to help youth live responsible and productive lives. Currently, the central office has 27 out of 30 staff positions filled with the other three expected by the following week. This brings the total of personnel under JJA to 581 full time State employees. Commissioner Murray reported on the History of JJA; Major Initiative and their fiscal status; Community Planning; Facilities Master Plan; The Juvenile Justice Information System; Transfer of Case management services to JJA; Timeline to Phase in Community Corrections in Case Management Services; Community Initiates Account Dollars; and Financial Study of the agency. The JJA has been operational for only seven months and is on target for set-up schedule, but there is much work to be done to keep on schedule at an appropriate pace for the Agency and the State of Kansas.

The Representatives express several concerns:

- Is progress being achieved as stated in the Mission Statement Goals.
- Concerns on performance based budgeting for the funds allocated to JJA.
- Are performance measures in place.
- What is the community roll in planning and what leadership does JJA provide.

What is the agency's vision for the program.
How were the four consulting agencies chosen.
How much money has been spent to date and on what.
The need for detailed written plans and results tracking.

Commissioner Murray responded to those concerns with the following:

Staffs are dedicated, but many facilities are outdated and need improvements.
Facilities are secure, safe and the juveniles are being helped, not just incarcerated.
Time has not permitted enough numerical statistics to verify improvements
Documentation of progress in goals will be provided as soon available.
The Management Information System should be in place sometime in the next few months.
It was stressed this is a two year process.

Communities have been asked to submit their plans to JJA; the plans will be accredited; the communities will then start implementing their plans; and by the next calendar year the agency should start seeing results.

The individual communities are actively involved in the plans they wish to follow.
The JJA will provide direction, technical assistance, training and work to keep on schedule.
Concerning institutions, JJA will be meeting with the consultants making changes as needed.

The four consulting firms have been contracted for the following amounts:
Bobbie Huskey & Associates (financial viability of the JJA) \$79,000 in Federal \$
Development Research and Programs (community planning) \$397,000
Kaplan McLaughlin and Diaz (facilities management) \$99,000
MTG and Associates (management information system) \$100,000

There are no formalized performance measures; information will be documented and provided at a later date.

The JJA is allocating the \$2.5 million provided by the 1997 Legislature; expect by February or March.
The agency will provide written details on applications made, processed and amounts distributed.
A calendar will be provided to show how the project is progressing.
The vision includes handling chronic offenders and prevention of future offenders.
The process of choosing the consultants was explained.

A written list will be provided on the 27 current employee positions and the 3 vacant positions in the central office. This should include which are full time employees.
The \$460,000 listed under the JJ Information System is separate and apart from the \$100,000 used to set up the MTG and Associates consulting contract.

A written report will be provided concerning the proposed location of the 155 computers:
49 to Atchison Facility
25 to Beloit Facility
26 to Larned Facility
40 to Topeka facility
15 to the Central Office.

Concerning local contracts, a sample of the contracts and performance plans will be provided.
It was stressed the program is on target according to the clear statutes set forth for the job.
It was also stressed it will take time to do juvenile justice right.

Representative Helgerson will meet with the JJA staff for further details on the allocated funds.

A motion was made by Representative Farmer and seconded by Representative Helgerson, that the Committee on Appropriations introduce the Governor's budget recommendations in bill form with separate appropriation bills for fiscal year 1999 appropriations, including biennial agency adjustments, fiscal year 1998 general supplemental appropriations, fiscal year 1998 "emergency" supplemental appropriations and multi-year capital improvement appropriations. The motion carried.

The Chair has had a request for introduction of two bills 1) State Pay Plan as identified in the Governor's Budget. This will need to be a separate bill. 2) This concerns a fund with in which approximately \$800,000 has been sitting for about 10 years. It needs to be cleaned out and funds distributed to the appropriate places. This bill will accomplish that purpose.

A motion was made by Representative Helgerson and seconded by Representative O'Connor to accept the two bills. The motion carried.

Chair Phil Kline made the following announcement: The State Hospital/General Government Sub-Committee will be touring health facilities after adjournment of the House on January 20th. Other Sub-Committees should use this time for facility touring.

Meeting adjourned at 3:30 p.m.

The next meeting is scheduled for January 13, 1997

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 1/13/98

NAME	REPRESENTING
Doug Bowman	Ks Coordinating Council
Vicki Quening	Ks. Insurance Dept.
Katherine Sackman	Rep. Farmer
Melinda Delsel	DOB
Doug Farmer	DOB
John C Garliger	SRS
Ann Koci	SRS
Rockelle Chronister	SRS
Susan Anderson	Hein + Weir
Erik Sauterius	Pete McGill + Assoc.
Linda McGill	"
Kathy Reiter	Reiter + Assoc.
R. Fraude	Ks gov Consulting
David Dallan	DOB

**State of Kansas
Department of Social
& Rehabilitation Services**

Rochelle Chronister, Secretary
Janet Schalansky, Deputy Secretary

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**House Appropriations
January 13, 1998**

Testimony: Children's Health Initiative

**Adult and Medical Services
Ann Koci, Commissioner**

*Appropriations
1-13-97
Attachment 1*

STATE OF KANSAS

BILL GRAVES, Governor
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OFFICE OF THE GOVERNOR

MEMORANDUM

TO: HHS Bi-Regional Conference Participants
FROM: Danielle Noe, Legislative Liaison
DATE: December 22, 1997
SUBJECT: Children's Health Insurance Program

Thank you for the opportunity to update you on Kansas' plans for the Children's Health Insurance Program. At this time, Kansas is continuing to seek advice about the best way to provide insurance coverage to the estimated 60,000 children who are eligible for Title XXI benefits.

Like other states, Kansas has received much input on this program. Last fall, two different task forces began to study the issue. Together, they made a recommendation which includes a Medicaid expansion with the possibility of private sector initiatives.

The Governor is particularly interested in obtaining more information about potential private partnerships. He expects to have enough information to make a recommendation to the Legislature in early to mid January

*Presented by Debbie Chang, Director
Office of Legislation, Health Care Financing Administration
Co-Chair, U.S. Department of Health and Human Services CHIP Steering Committee

STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- BASIC PROGRAM DESIGN
- SETTING ELIGIBILITY LEVELS
- ALLOTMENTS
- OUTREACH/ENROLLMENT AND ADMINISTRATION
- FINANCING AND MAINTENANCE OF EFFORT

BASIC PROGRAM DESIGN

- States can choose to provide child health assistance to low-income, uninsured children through:
 - a separate insurance program;
 - a Medicaid expansion; or
 - a combination of these two approaches.

BASIC PROGRAM DESIGN

- For States that choose a separate program, they have four benefit options:
 - benchmark coverage (BCBS PPO, HMO, State employee plan);
 - benchmark-equivalent coverage;
 - existing comprehensive State-based coverage (FL, NY, PA); and
 - Secretary-approved coverage.

BASIC PROGRAM DESIGN

*Separate Program continued.

- **Cost-sharing:**
 - At or below 150% of poverty, it must be at Medicaid medically needy levels (inflation adjustment permitted for cost-sharing);
 - Above 150% of poverty, it cannot exceed 5% of family income for all children in the family;
 - No cost-sharing is permitted for well-baby, well-child care, including immunizations.
 - Cannot favor higher-income children over lower-income children.

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BASIC PROGRAM DESIGN

- For States that choose to expand Medicaid, they must:
 - use full Medicaid benefits;
 - meet all Medicaid rules; and
 - comply with Medicaid cost-sharing rules (i.e., no cost-sharing for children).

SETTING ELIGIBILITY LEVELS

- A “targeted low income child” is one who:
 - meets the State eligibility standards;
 - has a family income at or below 200% of poverty or 50% points above Medicaid limit;
 - is not eligible for Medicaid or other insurance (except State-only coverage in effect 7/1/97);
 - is not an inmate of a public institution;
 - is not a patient in an IMD; and
 - is not in a family eligible for State employee health plan.

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SETTING ELIGIBILITY LEVELS

- For States that choose Medicaid, the following categories can be a “targeted low-income child:”
 - child receiving inpatient psychiatric care; and
 - child in a family eligible for a State employee health plan.
- States that choose to accelerate coverage of 15 through 18 year olds under 100% of poverty will get enhanced match (until they age in).

SETTING ELIGIBILITY LIMITS

- Immigrants: Under an 8/97 proposed rule, legal immigrant children who arrive after 8/22/96 will not be eligible for 5 years. States may cover those who arrive before 8/22/96. Under Medicaid, undocumented persons can only receive emergency care.
- Native Americans: Non-duplication rules do not apply to IHS programs.
- Crowd out: States must describe how this does not substitute for group coverage.

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OUTREACH/ENROLLMENT AND ADMINISTRATION

- **New options under the BBA:**
 - Presumptive eligibility for children;
 - 12 month continuous eligibility for children
- **Current authority to conduct outreach:**
 - shortened and simplified eligibility forms;
 - combined form for both Medicaid and CHIP;
 - outstationing eligibility workers

OUTREACH/ENROLLMENT AND ADMINISTRATION

- **Under CHIP, 10 percent of Federal expenditures may be used for total costs of:**
 - outreach;
 - administration;
 - direct services to children; and
 - other child health assistance.
- **The Secretary may waive the 10 % limit for coverage that is cost-effective and is provided through a community-based health delivery system.**

ALLOTMENTS

- A State must have an approved State plan for the Federal fiscal year (FY) in order to receive an allotment that year.
 - For example, to receive an allotment for a FY98, a State must have an approved plan by 9/30/98.
- The child health plan is not required to use the full allotment in a FY. Allotments are available to States for up to 3 years.

FINANCING AND MAINTENANCE OF EFFORT

- States will receive enhanced match for child health assistance.
 - For States that create a separate program, Federal funds, premiums and other cost-sharing cannot be used for the State matching requirements.
 - Medicaid provider taxes and donations rules apply.
 - Intergovernmental transfers can be used for State matching requirements.

FINANCING AND MAINTENANCE OF EFFORT

- Maintenance of effort rules:
 - States cannot adopt more restrictive income and resource standards and methodologies for Medicaid than those in effect on 6/1/97.
 - New York, Pennsylvania and Florida must maintain State children's health spending at least at the 1996 levels.

Presentation to the House Appropriation Committee

Tuesday, January 13, 1998

By Commissioner Albert Murray
Juvenile Justice Authority

- **History of JJA**

The Juvenile Justice Authority began operating on July 1, 1997. It was formed as a result of the Legislation in House Bill 2900, passed in 1996, and House Substitute for Senate Bill 69, passed in 1997. The drafting legislation consolidated positions from pre-existing agencies, including the Department of Social and Rehabilitation Services (SRS), the Department of Corrections (DOC) and the Office of Judicial Administration (OJA). It also created 30 additional full time equivalent positions, which staff the central office of the Juvenile Justice Authority (JJA).

The mission of the JJA is threefold:

- To improve public safety
- To enhance accountability on the part of juvenile offenders
- To help youth live responsible and productive lives.

On December 19, 1997, the central office of the new agency was moved to its permanent office space at Jayhawk Walk, 714 Southwest Jackson, Suite 300. With the additional space provided by the move from the Landon State Office Building, the JJA was able to hire eight new employees in January. Currently, the central office has 27 staff.

The agency is in the process of building a new juvenile justice system, which requires a shift from a large centralized operation under SRS to a small centralized operation with decentralized services.

- **Major Initiatives and their fiscal status**

On July 1, the JJA assumed responsibility for the four juvenile correctional facilities in Atchison, Beloit, Larned and Topeka as well as responsibility for juvenile intake and assessment statewide. The JJA entered into a contract for field services with SRS to continue with services for a transition period of six months. That transition period was extended to June 30, 1998. However, currently the JJA is in the process of contracting with local community correction agencies, which will be assuming the responsibilities of case management incrementally from JJA during March, April, May and June of 1998. After June 30, 1998, the JJA will have completed contracts with local entities across the state to handle case management of community based juvenile offenders; such contracts are signed through June 30, 1999.

*Appropriations
1-13-98
Attachment 2*

During this transition period, the JJA is also undertaking a community planning initiative statewide.

- **Community Planning**

The first section of House Substitute for Senate Bill 69 requires that the Commissioner of the JJA design a planning process, develop an action plan for it, establish a schedule for the process, and present the plan to the Joint Committee on Corrections and Juvenile Justice Oversight for review.

To this end, the Commissioner has identified the Communities that Care model from Developmental Research and Programs, Inc. as the framework for the planning process model. Designed primarily as a tool by which communities can help to prevent adolescent problem behaviors (including delinquency and violence), the model will be adapted by the JJA to include strategies to address early intervention and develop a systems of graduated sanctions at the local level.

The state is divided into 29 community planning districts based closely on judicial district boundaries (three districts have consolidated for greater efficiency.) These teams will be in the process of crafting strategic plans until July 1, 1999. The JJA's central office, with consultation from Developmental Research and Programs, Inc., will provide training, technical assistance, resources and materials to the teams throughout the process.

Last session, the Legislature appropriated \$2 million to JJA for FY98 for this purpose. Currently, the JJA is in the process of issuing checks to community planning teams: \$46,785 to 28 districts with the single large combined district receiving \$90,000 for its 17-county area. A portion of the budget has been pooled to be used for state coordinated training and materials, subcontracting with the National Council on Crime and Delinquency in the development of graduated sanctions and the use of the Communities that Care model in the design of strategic plans.

Other monies have been set aside at the state level, to be used for additional technical assistance or materials by the local communities, if needed later. However, if there are any remaining funds, they will be returned to the state general fund.

Currently, the Commissioner and staff will participate in orientation sessions for key leaders in communities who may be interested in the community planning process. To date, some communities are further along in the process than others. For example, the Second Judicial District and the Twelfth Judicial District have already had well-organized, well-prepared sessions to orient key leaders about the process. In those areas, community planning teams are already formed. However, in three areas, facilitators have yet to be recommended to the Commissioner - one of the most important and early steps in the process. The JJA will encourage communities to work according to the designed schedule, but will be flexible in working with communities that are farther along assessing the needs of their community.

At the end of 1998, the Commissioner will approve the 29 strategic plans. Such plans will identify not only what types of programs communities see as priorities, but also potential funding streams for each. The JJA will encourage the pooling of local resources and evaluating existing prevention and early intervention programs for effectiveness. It is expected that each plan will have several funding streams. For example, if a community identifies a need for an after-school program for at-risk youth, it may find a way to pool resources such as the use of a school gymnasium, and volunteer staff or staff from a private service provider.

- **Facilities Master Plan**

Another initiative underway at the JJA is the development of a facilities master plan. To this end, the JJA contracted with Kaplan McLaughlin and Diaz (KMD), an architectural firm founded in 1963 with international experience in design, construction and master planning.

The development of the master plan will be funded through the use of \$99,000 of the State Institutional Building Fund (SIBF). KMD will develop a recommendation for a long range facilities plan, which is due to the JJA by the end of February. The consultant is currently in the process of conducting in depth analysis of each juvenile correctional facility: its capacity, program, physical plan, and staffing levels. The report is expected to explore options for the maximum and best utilization of these facilities including privatization and possible expansion or building of a new facility.

- **The Juvenile Justice Information System**

MTG and Associates is the management consultant group awarded the contract of planning for and developing a management information system. The contract totaled \$100,000. Its purpose is to develop a plan for an automation system that will connect the juvenile correctional facilities, SRS, the DOC, intake and assessment and other service providers.

A strategic plan is to due in late February or early March, which will include cost and time estimates for the juvenile justice part of the system. Hardware and software are being purchased through the use of \$460,000 in Byrne Grant monies: \$345,000 federal and \$115,000 state match. Currently, the JJA is in the process of expending funds to purchase 155 computers and software for the juvenile correctional facilities and central office to use.

- **Transfer of Case management services to JJA**

As noted earlier, historically, SRS handled case management for juvenile offenders and currently is under contract to do so until June 30, 1998. The JJA has chosen to contract with local community corrections agencies to manage services after that time. Currently, 16 out of 28 community corrections agencies signed (57%) have signed agreements with the JJA to assume these services. Others are expected soon.

The initial budget for these services is a total of \$1.38 million for FY98 for "start up

operations costs." Those include hiring staff, overhead, and other needs to enable the county to take on this additional work. It is expected that \$2.7 million will be allocated for FY99 for operations purposes and \$8.7 million for purchase of services, for an estimated \$11.4 total.

There is concern at the local level about proposed FY99 state allocation being adequate as well as a concern about how the JJA will centralize paperwork for payment of services. One community corrections agency has declined to contract with the state because of concerns about budget.

- **Timeline to Phase in Community Corrections in Case Management Services**

The first group of juvenile offenders that will be managed by community corrections will be those who have been in the state juvenile correctional facilities and released on aftercare. They are released after they demonstrate proficiency and completion of their program and are considered to be equivalent to "on parole" in the adult system. The second group of juvenile offenders who will be served by community corrections are those receiving some sort of services in their own home but who are in JJA custody. These are equivalent to "outpatient" services, such as drug/alcohol treatment or mental health services. The last group of juvenile offenders to be transferred to community corrections are those now in JJA custody but who need group homes, or other out of home placements. These three groups will incrementally come under the jurisdiction of community corrections over the course of March through June, 1998.

- **Community Initiatives Account \$\$**

In addition to the funds provided for community planning, the Legislature provided \$2.5 million for the development of community based programs during this planning period. This money is being allocated to judicial districts based upon a formula developed by faculty at Wichita State University's criminal justice department as being the best and most equitable way to distribute the money for FY98. The formula identifies three categories of juvenile offenders and allocates percentages of the total \$2.5 million to judicial districts based upon the numbers and types of juvenile offenders. In other words, communities with the greatest need based upon the highest cost of juvenile justice, receive the greatest allocation. Grants will be given to individual judicial districts or combinations of judicial districts for program development. Districts are eligible for the amount of money under the funding formula, but must write one grant per district to request funding.

Planning and administration of these funds is considered the responsibility of the appropriate Board of County Commissioners. For multi-county jurisdictions, a single Board of County Commissioners must be designated to receive funds. Funds are strictly earmarked to create new programs and/or provide additional capacity within the district. They are not be used to supplement or replace existing funds.

The JJA is asking that each applicant (judicial district) must select at least one of the following types of programs as a priority. For FY98, priorities are:

- Out of home placements for juvenile offenders (new or additional slots)
Examples: residential behavioral therapy programs, group homes,
After care halfway houses for those coming out of the juvenile
correctional facilities
- Gender specific programs for female juvenile offenders
- Sanction houses
- Services to divert juvenile offenders from JJA custody
Examples: day reporting programs, intensive supervision and programs for at-risk
juvenile offenders.

- **Financial Viability Study of the agency**

The last major initiative is the Financial Viability study of the JJA, with the consultant Bobbie Huskey & Associates, corrections specialists out of Chicago. This study was required in statute, and is designed to determine projections of caseloads and costs involved. The project will cost \$79,000. The consultant is currently in the process of gathering data on how much money is being spent on juvenile justice locally as well as studying other selected states and their funding streams. The group will provide a final report in late February to the JJA, and its recommendations may be used by the Legislature to determine how to fund the new agency.