

Approved: 2/10/98  
Date

## MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:30 p.m. on February 3, 1998 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Stuart Little, Paul West, Legislative Research Dept;  
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;  
Helen Abramson, Administrative Aide; Linda Swain, Appropriations Secretary

Conferees appearing before the committee:

Dan Stanley, Secretary of Administration  
Joan Wagnon, Mayor, City of Topeka  
Ann Koci, Commissioner, Adult and Medical Services Commission  
Joann Corpstein, Attorney, Kansas Department of Aging  
John Peterson, Kansas Hospital Association  
John Kiefhaber, Executive Vice President, Kansas Health Care Association

Others attending: See attached list

Dan Stanley, Secretary of Administration, gave a presentation on the capitol area complex (Attachment 1). Secretary Stanley outlined the chronology of the renovation of Memorial Hall which is scheduled for occupancy by 10/15/99. He then spoke on the Topeka Consolidation Study with a chronology of the phase II - downtown consolidation. The Department of Administration (DOA) continues to analyze phase II proposals which will be brought before the Joint Committee on State Building Construction (JCSBC) for consideration and recommendation. The DOA has also been in contact with parties expressing interest in the Topeka State Hospital (TSH) and continues to negotiate with the City of Topeka regarding possible transfer of the property. Secretary Stanley distributed a copy of the findings and conclusions of the Phase I Environmental Site Assessment (Attachment 2).

An extensive discussion period followed. Concerns and discussion included: space requirements; parking problems in the downtown area; expenses associated with building a parking garage; the necessity to absorb garage building costs or partner with others to help pay costs; the necessity for current leases, effected by these plans, to be extended 2 more years; the condition of current buildings, especially the Mills building; the recommendation of Secretary Stanley to tour buildings such as the Mills building; the ability to leverage better lease rates when coordinating for several agencies for longer periods of time; the status and proposed uses of the Dillon House; use of the parking lot north of the First Presbyterian Church; taxes affecting lease costs; potential environmental problems; building code infractions; and the value of getting the TSH property back on the tax roles.

Chair Kline noted if the legislature is still in session when Secretary Stanley is ready to bring recommendations before the JCSBC, Secretary Stanley will be invited to come before the Appropriation Committee.

Using a diagram of the TSH, Secretary Stanley noted the problems associated with selling the property in sections.

The discussion continued. Plans for the Docking Building were discussed. It was noted that the environmental hazards identified during Phase I, are being addressed.

Representative Helgerson requested a written copy of the cost comparison between putting state offices on the TSH property compared to putting the same offices in the downtown area.

Chair Kline recognized Joan Wagnon, Mayor of Topeka, for a presentation - Topeka as a Partner with the State of Kansas (Attachment 3). Mayor Wagnon distributed her prepared statement stressing the City of Topeka is a willing and enthusiastic partner with the state on the downtown consolidation. She encouraged the committee to give strong and serious consideration to work together on this opportunity and stressed the legislators have the full cooperation of City Hall.

Chair Kline thanked Mayor Wagnon noting the desirability of working together with the City of Topeka.

### Hearing on HB 2477 - Social welfare payment schedules for health care providers.

Ann Koci, Commissioner of Adult and Medical Services presented testimony in favor of HB 2477

(Attachment 4). The bill would, for consistency purposes, amend the duties of the Secretary of SRS so the proposed changes would conform to language of the related and concurrent powers of the Department on Aging, in regards to the Federal Boren Amendment .

Questions followed the presentation.

Joann Corpstein, Attorney for the Kansas Department on Aging testified in support of **HB 2477**, speaking on behalf of Deputing Secretary Terry Glasscock (Attachment 5) . **HB 2477**, addressing Medicaid payment rates for hospitals and adult care homes, brings the state statute in line with the federal Medicaid statute.

Questions followed the presentation.

John Peterson, Kansas Hospital Association, made comments on **HB 2477 (Attachment 6)**. He expressed concern the language proposed in the bill attempts to minimize the state's obligations to adequately fund the Medicaid program. He also noted the Association is not opposed to changing the current language to achieve consistency between the state and federal standards.

There was no discussion following.

John Kiefhaber, Executive Vice President, Kansas Health Care Association, representing over 200 professional nursing facilities across the state, gave information concerning **HB 2477**. He stated the association testified against the **HB 2477** last year. He was in agreement with the comments made this year by the Hospital Association concerning the need for a language change to bring it in line with federal language. He also pointed out there is going to be a great deal of confusion using the present terminology without working out coordination with other statutes and with requirements under SRS and the Department of Aging.

There was no further discussion. Chair Kline advised Vice President Kiefhaber it will be necessary for the committee to review the testimony from last session. The hearing was closed.

Chair Kline noted the new art work hung on the walls of the committee room. The selections are on loan from Kansas State University; the work of instructors at the University.

The meeting adjourned at 3:15 p.m.

The next meeting is scheduled for Monday, February 4, 1998.

# APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/3/98

NAME	REPRESENTING
Art Griggs	Dept. of Adm.
Roger Myers	Cap-Journal
Rep. Anne Kuther	House
Louis Chabria	Budget
JEFF ROSSSELL	LAS
Ann Koci	SRS
Stzchr	KATHSA
John Pinegar	City of Topeka
Christie Brewster	Woner, Glenn, Reeder, Girard
Jack Brier	Brier Development Corp.
Derenda Mitchell	Kansas Dept. of Agricul.
Rockelle Chronister	SRS
Mike Huffles	SRS
John Redger	SRS
Carrie Lucia	Smob
John Kiephaber	Ks Health Care Assn.
Joann E. Carpestein	Ks. Dept on Aging
Don Seebler	Ks Dept of Admin
Anthony A. Finkle	Ks Dept of Admin.

# APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/3/98

NAME	REPRESENTING
Susan Duffy	Historical Society
David Dallon	DOB
J. Chubb	SOS
Verna Kaling	SOS
Phyllis Ashcraft	
Frances Chidley	
Klayd Zalmon	
Mary Jane Stettelman	KSA

**TESTIMONY TO THE HOUSE APPROPRIATIONS COMMITTEE**

**by**

**DAN STANLEY**

**SECRETARY OF ADMINISTRATION**

**February 3, 1998**

**Downtown Consolidation Initiative**

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**I. RENOVATION OF MEMORIAL HALL**

(10/27/95)

D of A presented a preliminary program statement on Memorial Hall to the Joint Committee on State Building Construction. Comments from Secretary of State Ron Thornburgh were received by the committee.

(11/21/95)

The Consolidation Study verified the feasibility of relocating the Office of the Attorney General and the Office of the Secretary of State to Memorial Hall.

(11/22/95)

Prepared a report to Joint Committee on State Building Construction on relocation of the Secretary of State to Memorial Hall.

(12/12/95)

Final Program Statement for Memorial Hall presented to LCC.

(12/16/95)

Report to Joint Committee on State Building Construction on final program statement for Memorial Hall.

(1/8/96)

Began the first of several meetings with the Special Committee on Space in the Capitol.

(1/10/97)

State Finance Council approves issuance of bonds for Memorial Hall renovation.

(begin date 6/30/97 - end date 8/29/97)

Final program review by DFM.

(begin date 7/28/97 - end date 9/26/97)

Schematic Design. Initial work includes preliminary building circulation, service core location, and building code requirements.

(begin date 9/2/97 - end date 9/12/97)

Program Review by on-call architects and consultants.

*Appropriations  
2-3-98  
Attachment 1*

(begin date 9/29/97 - end date 10/10/97)

**Review of schematic design by DFM.**

(begin date 10/13/97 - end date 12/5/97)

**Design development and review.**

(begin date 12/8/97 - end date 3/13/98)

**Construction document development.**

(begin date 3/16/98 - end date 4/3/98)

**Construction document review and final corrections.**

(begin date 4/6/98 - end date 5/18/98)

**Bid preparation time including advertising, printing, distribution, bid time.**

(5/19/98)

**Bids opened and reviewed by Selection Committee.**

(begin date 6/8/98 - end date 6/5/98)

**Contractor is selected and contract is prepared.**

(begin date 6/8/98 - end date 8/6/99)

**Construction phase from Notice to Proceed through Substantial Completion.**

(begin date 8/9/99 - end date 9/17/99)

**Project closeout includes general contractor correcting construction deficiencies and submitting administration items.**

(begin date 9/20/99 - end date 10/15/99)

**Owner occupancy and scheduled move-in.**

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## TOPEKA CONSOLIDATION STUDY

The 1994 Legislature provided \$75,000 for a study to assist policy makers in determining the feasibility of consolidating office space in the City of Topeka. This study was funded on the basis of the successful consolidation of office space in the City of Wichita. As envisioned, the study would be in two phases. The first phase would: analyze existing state-owned and state-leased office and storage space; interview state agencies to identify those which have potential for consolidation; review the planned size of agencies in segments of 5, 10, 15, and 20 years. Under Phase II, a Request for Proposals (RFP) would be prepared by the consultant regarding agencies identified to be co-located.

Thus, at the end of the process: agency space needs would be identified; recommendations would be developed regarding those agencies which should be consolidated; and, costs would be developed regarding state built facilities, leased facilities, and purchased facilities.

The Topeka Consolidation Study was contracted between the Secretary of Administration and Ekdahl, Davis, Depew, and Persson Architects, P.A. (EDDP) with Calcara Duffendack Foss Manlove Inc., serving as consulting architects. The study was commissioned to identify a five-year and ten-year strategic facility co-location plan for state offices in Shawnee County. The study identified opportunities for co-location in leased, purchased, state construction, and state-owned facilities.

### **II. DOWNTOWN CONSOLIDATION**

*(9/18/95)*

**Working draft of Topeka Consolidation Study presented to Governor and cabinet members. Phase I completed.**

*(10/25/95)*

**Decision to close Topeka State Hospital announced.**

*(10/18/96)*

**Department of Administration begins meeting with the Kansas Department of Transportation to develop a Consolidation Options Planning Study (COPS).**

*(1/20/97)*

**Executive Summary of Topeka Consolidation Study presented to Department of Administration.**

*(1/21/97)*

**Joint Committee on State Building Construction approves lease of office space in New England Building for Department on Aging.**

*(2/12/97)*

**Joint Committee on State Building Construction directed Secretary of Administration to send Request for Proposals (RFP) to all stakeholders in downtown area, including private developers, the City of Topeka, downtown property owners, and those who currently lease space to the state in the Capitol Area Plaza.**

**1-3**

*(Spring 1997)*

**Governor Graves publicly declares his preference to co-locate agencies in downtown area.**

*(4/23/97)*

**Presentation to Joint Committee on State Building Construction and approval of H.T. Paul Air Rights and Grounds Lease (7th & VanBuren), state to receive \$15,908 yearly for 40 years.**

*(4/25/97)*

**TSH Evaluation and Analysis Committee recommended that it should be a priority of both the City and the State to retain State employees in the downtown/State Capitol corridor and that those agencies that are located in other areas of Topeka should look at consolidating closer to the Capitol as space becomes available.**

*(5/15/97)*

**Department of Transportation COPS selection criteria approved.**

*(5/15/97)*

**Department of Transportation COPS adopts scoring matrix for grading status quo options for Docking and Thacher Buildings developed.**

*(5/21/97)*

**Over 300 Request for Proposals (RFP) mailed out to developers, Realtors, and contractors.**

**RFP #32516 issued for Capitol Plaza Area Development Plan.**

*(5/27/97)*

**H.T. Paul Air Rights and Grounds lease approved and signed.**

*(5/29/97)*

**RFP #32524 issued for Department on Aging.**

*(6/19/97)*

**Consolidation Option Plan completed for Department of Transportation.**

*(7/1/97)*

**RFP #32516, Phase I submittal deadline (24 proposers).**

*(7/1/97)*

**Topeka State Hospital transferred to the Department of Administration under legislative proviso.**

*(8/8/97)*

**RFP #32516, Phase II submittal deadline (11 proposers).**

*(8/15/97)*

**Dialogue develops with Department of Agriculture in regard to space needs and negotiation of current lease.**

1-4



*(8/21/97)*

**Department on Aging contract revised by Joint Committee on State Building Construction to 30,336 square feet @ \$9.45 per square foot of office space and adjoining common area, 108 parking spaces. Eskie, Dunn, and Myriad proposals approved to proceed to Phase II.**

*(8/22/97)*

**SRS Space Consolidation Team meets with Department of Administration to develop a plan to vacate the Topeka State Hospital Campus by January 1, 1998, for the purpose of relocating individuals to the Docking State Office Building, 1301 Topeka, and Credit Union 1.**

*(8/27/97)*

**Special request for proposals solicited for Department of Agriculture.**

*(11/12/97)*

**Request for Proposals for Capitol Plaza Area Development Plan and Master Lease Agreement presented to Joint Committee on State Building Construction by proposers. Myriad Development proposal approved to proceed to Phase III.**

*(11/12/97)*

**Joint Committee on State Building Construction approves Division of Architectural Services to lease space at Bible Supply Building, 1020 Kansas Avenue, RFP #32516.**

*(11/12/97)*

**Joint Committee on State Building Construction approves SRS to lease space at New England Building, 503 Kansas Avenue, RFP #32516.**

*(12/17/97)*

**Finance Council authorizes the Secretary of Administration to negotiate with the City of Topeka for possible transfer of TSH to the City in exchange for acceptable parking downtown. Any agreement reached would be subject to the approval of the State Committee on State Building and Construction and the Finance Council.**

*(12/19/97)*

**Governor Graves and Mayor Wagnon announce their intent to seek a partnership to address mutual needs in the downtown area. Governor states the requirement for the City of Topeka's participation in any proposal recommended by the state.**

*(1/14/98)*

**Concept specs developed for SRS Topeka Area Office (Myriad proposal).**

*(Currently)*

**Department of Administration continues to analyze phase II proposals with the intention of bringing them before the Joint Committee on State Building Construction for consideration and recommendation.**

*(Currently)*

**Department of Administration has been in contact with parties expressing interest in TSH and continues to negotiate with the City of Topeka regarding possible transfer of the property.**

*(3/98)*

**Department on Aging scheduled to move to New England Building.**

*(7/98)*

**SRS component scheduled to move to New England Building.**

*(7/98)*

**Division of Architectural Services scheduled to move to Bible Supply Building.**

*(4/99)*

**Anticipated date that SRS moves to new location.**

FA5ECADMINDDANDOWNTWN.LST

\* \$45 x 12 months x 660 stalls = \$356,400 per year income

STATE OF KANSAS  
CITY OF TOPEKA  
PARKING FACILITY

**RECEIVED**

FEB 02 1998

Secretary of Administration

CITY SUBSIDY ANALYSIS  
(20 YEAR;LEVEL P&I;5.00%)

(See attached  
schedule)

YEAR	PARKING FEES	OPERATING EXPENSES	PROPOSED DEBT SERVICE	CITY'S CASH OUTLAY	PROPOSED ADMINISTRATION FEE	CITY'S NET CASH OUTLAY
2000	267,300	175,000	721,060	628,760	150,000	478,760
* 2001	356,400	177,625	721,060	542,285	150,000	392,285
2002	356,400	180,289	721,060	544,949	150,000	394,949
2003	356,400	182,994	721,060	547,654	150,000	397,654
2004	356,400	185,739	721,060	550,399	150,000	400,399
2005	356,400	188,525	721,060	553,185	150,000	403,185
2006	356,400	191,353	721,060	556,013	150,000	406,013
2007	356,400	194,223	721,060	558,883	150,000	408,883
2008	356,400	197,136	721,060	561,796	150,000	411,796
2009	356,400	200,093	721,060	564,753	150,000	414,753
2010	356,400	203,095	721,060	567,755	150,000	417,755
2011	356,400	206,141	721,060	570,801	150,000	420,801
2012	356,400	209,233	721,060	573,893	150,000	423,893
2013	356,400	212,372	721,060	577,032	150,000	427,032
2014	356,400	215,557	721,060	580,217	150,000	430,217
2015	356,400	218,791	721,060	583,451	150,000	433,451
2016	356,400	222,072	721,060	586,732	150,000	436,732
2017	356,400	225,404	721,060	590,064	150,000	440,064
2018	356,400	228,785	721,060	593,445	150,000	443,445
2019	356,400	232,216	721,060	596,876	150,000	446,876
TOTALS	<u>7,038,900</u>	<u>4,046,642</u>	<u>14,421,200</u>	<u>11,428,942</u>	<u>3,000,000</u>	<u>8,428,942</u>

PRESENT VALUE  
OF CITY SUBSIDY  
AT 5.00%

7,091,249

5,221,918

STATE OF KANSAS  
 CITY OF TOPEKA  
 PARKING FACILITY

DEBT SERVICE  
 (20 YEAR;LEVEL P&I;5.00%)

YEAR	BALANCE	PRINCIPAL	INTEREST	TOTAL PAYMENT
Bond Amount	8,986,000			
2000	8,714,240	271,760	449,300	721,060
2001	8,428,892	285,348	435,712	721,060
2002	8,129,277	299,615	421,445	721,060
2003	7,814,681	314,596	406,464	721,060
2004	7,484,355	330,326	390,734	721,060
2005	7,137,513	346,842	374,218	721,060
2006	6,773,329	364,184	356,876	721,060
2007	6,390,935	382,393	338,666	721,060
2008	5,989,422	401,513	319,547	721,060
2009	5,567,833	421,589	299,471	721,060
2010	5,125,165	442,668	278,392	721,060
2011	4,660,363	464,802	256,258	721,060
2012	4,172,322	488,042	233,018	721,060
2013	3,659,878	512,444	208,616	721,060
2014	3,121,812	538,066	182,994	721,060
2015	2,556,843	564,969	156,091	721,060
2016	1,963,625	593,218	127,842	721,060
2017	1,340,746	622,879	98,181	721,060
2018	686,724	654,023	67,037	721,060
2019	(0)	686,724	34,336	721,060
TOTALS		8,986,000	5,435,198	14,421,198

## 5.0 FINDINGS AND CONCLUSIONS

Burns & McDonnell has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-97 of the Topeka State Hospital. Any exceptions to, or deletions from, this practice is described in Section 1.0 of this report. Several recognized environmental conditions associated with the subject property were identified during the assessment.

These conditions include:

- The subject property has been used for as a hospital since 1887. Prior to the late 1960's all waste waters including sanitary, laboratory, and medical wastes were processed through this on-site plant. The sludge lagoons associated with this waste water treatment plant were in an area on which Interstate 70 is now built;
- An underground storage tank was removed from the west side of the West Building. No record as to whether or not fuel was released from this UST is available;
- Asbestos Containing Material is located throughout the buildings surveyed. An AHERA Asbestos Monitoring Plan was prepared by SRS in 1991.
- Lead-Based Paint is evident throughout the buildings surveyed. Acute peeling of this material is evident in several buildings.
- Air conditioning units are located in most of the buildings surveyed. The wall and window mounted units contain 1.5 - 3.0 pounds of R-22 refrigerant each. Pad mounted units outside the buildings contain up to 500 pounds of refrigerant.
- One of the three 15,000-gallon above ground storage tanks located north of the commodity warehouse has a small leak. Minor soil staining is evident beneath this tank.
- A four-gallon pail that was part of a silver recovery unit for x-ray film was observed in Room 104 of the Woodward Building. Silver can be a characteristic hazardous waste. This container is unsecured and not labelled.
- Two 55-gallon drums of waste oil are staged on a pallet near the northwest corner of the power plant. These containers are not labelled and are exposed to the elements.
- Construction demolition debris has been accumulated north of the engineering building. The debris includes masonry, lumber, and soil.

- At least two water coolers in the Boisen Building dispense water with lead concentrations in excess of 20 parts per billion.
- During the early 1980's, paint-related material was used to start a fire for brush clearing purposed along the northern property boundary of the Topeka State Hospital. While the area that burned was small (less than 10,000 square feet), organic solvent residue may be present in this area.
- A cemetery is located in the northeast quadrant of the subject property. According to the plot book, approximately 1,100 bodies are interred in this cemetery.

In the opinion of the environmental professionals responsible for this report, the environmental conditions observed warrant further investigation to assess the potential for environmental contamination. Specifically, the extent of soil contamination beneath the leaking AST north of the commodity warehouse should be assessed.

\* \* \* \* \*



# CITY OF TOPEKA

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**Joan Wagnon, Mayor**  
215 S.E. 7th Street Room 352  
Topeka, Kansas 66603  
Phone 785-368-3895  
Fax Number 785-368-3850

February 3, 1998

To the Members of the House Appropriations Committee:

Thank you for inviting me to appear today to provide information about the exciting partnership between the State of Kansas and the City of Topeka to consolidate state government in the downtown area.

Topeka has always been a center of government. Indeed, the nine city fathers were clear on that December day in 1854 when they selected the site for the town, that Topeka would be a center of commerce and a seat of government.

Today, we are proud to be the Capital City of Kansas and pledge our support to a cooperative relationship with the State of Kansas.

Governor Graves is to be commended for his initiative to consolidate state offices in the Capital Complex. Indeed, it will bring better customer service and improve the image this state portrays to visitors from all over the world.

As Mayor, and with the full backing of the city council, I will support the administration in any way possible. To date the city has cooperated by assisting with parking for the renovation of the New England building and we have approved donating land to Myriad Corporation to build a new facility at 5th and Van Buren. We have pledged to assist with the remaining proposals that are before the administration, the result of a huge RFP last year. The nature of that help could be the construction of additional parking facilities for the state and the formation of a public building commission to actually construct these facilities for lease to the state.

This public-private partnership brings huge benefits to both city and state, including good office space at competitive rates, revitalized downtown areas and a positive image for both the State of Kansas and its capital city, Topeka.

Joan Wagnon  
Mayor

*Appropriations  
2-3-98  
Attachment 3*

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

Rochelle Chronister, Secretary  
Janet Schalansky, Deputy Secretary

For additional information, contact:

**SRS Office of Research**  
Suzanne Woods, Director  
915 SW Harrison Street, Sixth Floor  
Topeka, Kansas 66612-1570  
☎785.296.3329 / Fax 785.296.4685

For fiscal information, contact:

**SRS Finance Office**  
Diane Duffy, CFO  
915 SW Harrison Street, Tenth Floor  
Topeka, Kansas 66612-1570  
☎785.296.6216 / Fax 785.296.4676



**House Appropriations  
Tuesday, February 3, 1998**

**Testimony: HB 2477**

**Adult and Medical Services Commission  
Ann Koci, Commissioner  
785.296.5217**

*Appropriations  
2-3-98  
Attachment 4*



**KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES**  
**Rochelle Chronister, Secretary**

**House Appropriations**  
**Tuesday, January 3, 1998**

**HB 2477**

Mr. Chairman and members of the Committee, I am Ann Koci, Commissioner of Adult and Medical Services. Thank you for the opportunity to testify before you today on behalf of Secretary Chronister regarding House Bill 2477.

The bill amends the duties of the Secretary of SRS in K.S.A. 39-708c. The changes proposed conform language in certain sections with the related and concurrent powers of the Department on Aging, established in HB 3047 [K.S.A. 75-5945(k)] which became law in 1996.

The Federal Boren Amendment which set out requirements states had to meet for hospital and adult care home reimbursement was repealed in the Balanced Budget Act of 1997 (Section 4711 subpart H). The language in HB 2477 strikes the Federal Boren Amendment language in our state statutes related to hospitals and adult care homes and replaces it with broader language which states: "The Secretary shall not be required to make any payments under any Federal grant program which do not meet the requirements for state and Federal participation". This language is needed in order to eliminate conflict with the payment requirements.

The agency supports HB 2477. Failure of the statutory payment provisions to conform could present difficulties with regard to the state plan, uniform payments and potential future litigation. Since the payment requirements at the Federal level are repealed, it may create problems if similar language is contained only in the SRS payments statute.

Again, thank you, Mr. Chairman. I urge you and the committee to recommend this bill favorable for passage.



**K A N S A S**  
**DEPARTMENT ON AGING**

**Docking State Office Building**  
**915 S.W. Harrison, 150-S**  
**Topeka, KS 66612-1500**  
**Phone (913) 296-4986**  
**Fax (913) 296-0256**

**Bill Graves**  
Governor

**Thelma Hunter Gordon**  
Secretary of Aging

**TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE**  
**ON H.B. 2477**

By Deputy Secretary Terry Glasscock, Kansas Department on Aging  
1:30 p.m., February 3, 1998  
Room 514, The Capitol

Mr. Chairman and members of the Committee, thank you for this opportunity to appear today and present this testimony in support of House Bill 2477. By virtue of K.S.A. 1996 Supp. 75-5321a and 75-5945 *et seq.*, the Department on Aging administers the nursing facility services payment program pursuant to the State Medicaid Plan maintained by the Department of Social and Rehabilitation Services, the "single State agency" for Medicaid.

House Bill 2477 brings the state statute addressing Medicaid payment rates for hospitals and adult care homes, K.S.A. 39-708c(x), in line with the federal Medicaid statute on the same subject. The federal statute, 42 U.S.C. 1396a(a)(13), was amended by Section 4711 of the Balanced Budget Act of 1997, effective October 1, 1997, to eliminate language which had served as the model for the language which this House Bill 2477 will eliminate. The language deleted from the federal statute was known as the "Boren Amendment." The Boren Amendment had required States to develop and apply a cost-based Medicaid reimbursement rate calculation method.

House Bill 2477 will free the State and providers to explore Medicaid rate-setting methodologies which may or may not be so strictly tied to provider costs. House Bill 2477 will give Kansas the same flexibility to choose a rate-setting methodology fitting its philosophy, public policies, and budget that the United States Congress envisioned for all states when repealing the Boren Amendment. Passage of House Bill 2477 will not result in a changed reimbursement methodology for Fiscal Year 1999, but will result in the exploration of different rate-setting methods for the years following.

On behalf of the Secretary on Aging, I urge you to report favorably on H.B. 2477. Thank you.

TG:djg  
(H:dg0472.wpd;020298)

*Appropriations*  
*2-3-98*  
*Attachment 5*



## Memorandum

Donald A. Wilson  
President

TO: House Appropriations Committee

FROM: Kansas Hospital Association; Thomas L. Bell, Sr. Vice President/Legal Counsel

DATE: February 2, 1998

RE: HOUSE BILL 2477

The Kansas Hospital Association appreciates the opportunity to comment regarding the provisions of House Bill 2477. This bill repeals language in the Kansas law similar to the so-called "Boren Amendment" in federal law. Last year Congress repealed this federal law, so it is appropriate for the Kansas Legislature to examine our state statutes.

Congress, however, did not simply repeal the Boren Amendment. This law was replaced with language requiring states to:

- 1) use a public process for determining rates;
- 2) publish proposed and final rates showing the methodologies underlying the rates and the justifications for the rates; and
- 3) give interested parties a reasonable opportunity for review and comment.

We are concerned that the language proposed in H.B. 2477 attempts to minimize the state's obligation to adequately fund the Medicaid program. However, we are not opposed to changing the current language. We propose, instead, that state statutory language be modified so it is consistent with current federal law. We think it is important for state and federal standards to achieve this consistency to benefit all those involved in administering the Medicaid program.

Thank you for your consideration of our comments.

TLB:mkc

*Appropriations  
2-3-98  
Attachment 6*