

Approved: _____

Date

4/30/99

MINUTES OF THE SENATE WAYS AND MEANS.

The meeting was called to order by Vice-Chairperson Alicia Salisbury at 11:00 a.m. on March 16, 1999 in Room 123S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Debra Hollon, Legislative Research Department
Rae Anne Davis, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

rs 1236 **An act concerning the information network of Kansas, Inc.**

It was moved by Senator Feleciano and seconded by Senator Salmans that rs 1236 be introduced. The motion carried on a voice vote.

rs 1240 **An act concerning the workers compensation act; relating to occupational diseases**

It was moved by Senator Lawrence and seconded by Senator Morris that rs 1240 be introduced. The motion carried on a voice vote.

Senator Morris read from the Subcommittee report on the Department of Aging. (Attach. 1).

The Subcommittee concurred with the Governor for Fiscal Year 1999 with the adjustments in items 1, 2 and 3 on page 1-4.

For Fiscal Year 2000, the Subcommittee concurred with the Governor with the adjustments in items 1 through 17.

Thelma Hunter-Gordon, Secretary of the Department of Aging spoke to the Committee in regard to the Senior Companion Program. Currently it is being used as a pilot program at Ft. Hays State and they are trying to see if it would fit with the Senior Volunteer Program. The Riverside in Wichita also has this program. She said that in order for them to really do anything with the program, they need to have funding of \$80 thousand for Ft. Hays and another \$80 thousand for Riverside.

Senator Ranson pointed out a number of areas in the Subcommittee Report where she thought the funding could be duplications. She was also concerned about the \$734,797 over the Governor's Budget and this is without the salaries.

Senator Salmans moved that the Committee forestall action on the Department of Aging to give time to reevaluate. There was no second to the motion.

Feleciano moved and Senator Salmans seconded the motion not to stop the report from being approved

I amend it so that it may be looked at in Omnibus with the possibility of finding funding for the Senior Companion Program. The motion to amend passed on a voice vote.

Senator Morris moved and Senator Salmans seconded the motion to adopt as amended, the Subcommittee on the Department of Aging. The motion carried on a voice vote.

Senator Salisbury read from the Subcommittee Report on the Department of SRS. (Attach. 2).

The Subcommittee concurred with the Governor for Fiscal Year 1999 with the exceptions in items 1 through 4 on page 2-5.

For Fiscal Year 2000, the Subcommittee concurred with the Governor with the exceptions in items 1 through 15 on pages 2-13, 2-14 and 2-15.

There was extensive discussion on the wording in item 14. The Subcommittee chose to avoid using the phrase, "be made whole". But they did want to express their concern about the financial conditions of some of the subcontractors and to urge the contractors to be aware of the financial constraints of their subcontractors when making future service purchasing decisions.

It was moved by Senator Petty and seconded by Senator Downey to amend the language in item 14 to state a request that the contractors be sensitive to the financial situation of sub-contractors.. The motion to amend carried on a voice vote.

Senator Salisbury said that her concern was that both in the current year and 2000 there was a significant increase of money for foster care. She said that in the Family Preservation Program, the outcome set by SRS looks good. The success rates are so good that it causes her to raise the question as to whether they have set the expectations too low. She suggested that they might want to consider encouraging SRS to set their expectations a bit higher in the Family Preservation Program and maybe risk not having statistical outcome quite as good in order to attempt to keep children in that program rather than in foster care.

Senator Morris agreed with Senator Salisbury and said that the oversight committee had recommended that SRS be encouraged to be more aggressive. He said that with the Family Preservation Program they need to realize that they're going to have to accept lower performance measures as a result of that.

Senator Salisbury asked if some language could be developed if the Committee would agree. She said that the Subcommittee heard testimony concerning the success of the Family Preservation Program. Family Preservation enjoyed a 99 percent success rate; therefore, additional children have not been removed from their homes. The agency reported that use of the contracts is increasing in some parts of the state. However, the Subcommittee would like to encourage the agency to consider lowering their expectations for a success with the contract and divert additional children into family preservation instead of foster care. Disruptions to the child and the family would be much less of an emotional adjustment and the cost would be considerably less, \$3,728 compared to \$15,022 per case. This recommendation is not to imply that any child "in imminent danger of harm" should be placed in family preservation. Obviously, sound and balanced judgement is always required.

Chairman Kerr said there was a phrase, "lowering their expectations for success", that he felt might send the wrong message to uninitiated readers and he believed there was a way they could rephrase it so it would sound like being more aggressive, even if that led to a possible decline in the percentage rate of success.

It was moved by Senator Salisbury and seconded by Senator Morris to amend the Subcommittee Report with the insertion of the phrase to correct the language in this item. The motion carried on a voice vote.

It was moved by Senator Morris and seconded by Senator Salisbury to approve as amended the Subcommittee Report on the Department of SRS. The motion carried on a voice vote.

The meeting was adjourned at 12:05 p.m. The next meeting is scheduled for Wednesday, March 17.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3/16/99

NAME	REPRESENTING
<i>Ken Behr</i>	<i>KHA</i>
<i>LINDA McGill</i>	<i>MGA</i>
<i>TK Shively</i>	<i>Ks Legal SERVICES</i>
<i>Paula Shyman</i>	<i>DOB</i>
<i>Bruce Lutz</i>	<i>Children's Alliance</i>
<i>John Garlinger</i>	<i>SRS</i>
<i>W^m Wesley Marshall</i>	<i>INTORHAB</i>
<i>Melissa Ness</i>	<i>Ks. Children's Service League</i>
<i>Mary Ellen Conlee</i>	<i>Via Christi Regional Medical Center</i>
<i>Sue Brauman</i>	<i>KDOA</i>
<i>Patsy Samson</i>	<i>KDOA</i>
<i>Denise Clements</i>	<i>"</i>
<i>Gina McDonald</i>	<i>KACIC</i>
<i>Shannon Jones</i>	<i>SICK</i>
<i>Doug Bowman</i>	<i>CCECOS</i>
<i>Paul Johnson</i>	<i>PACK</i>
<i>Therese Barget</i>	<i>Ks. Cath. Conference</i>
<i>John Keshaber</i>	<i>Ks Health Care Assn.</i>
<i>Margaret M. Mahoney</i>	<i>KAW VALLEY CENTER</i>

House Budget Committee Report

Agency: Department on Aging

Bill No. 2519

Bill Sec. 54

Analyst: Sparks

Analysis Pg. No. 485

Budget Page No. 39

Expenditure Summary	Agency Est. FY 99	Gov. Rec. FY 99*	House Budget Committee Adjustments
State Operations	\$ 16,496,529	\$ 15,835,464	\$ 0
Aid to Local Units	5,914,125	5,914,125	0
Other Assistance	<u>310,475,419</u>	<u>302,653,769</u>	<u>(198,912)</u>
Total - Operating Expend.	<u>\$ 332,886,073</u>	<u>\$ 324,403,358</u>	<u>\$ (198,912)</u>
State General Fund	\$ 137,990,927	\$ 133,474,540	\$ 0
Other Fund	<u>194,895,146</u>	<u>190,928,818</u>	<u>(198,912)</u>
Total - Operating Expend.	<u>\$ 332,886,073</u>	<u>\$ 324,403,358</u>	<u>\$ (198,912)</u>
FTE Positions	155.8	155.8	0.0
Unclassified Temp. Positions	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>
TOTAL	<u>158.8</u>	<u>158.8</u>	<u>0.0</u>

* Includes Governor's Budget Amendment No. 1, Item 4.

Agency Est./Governor's Recommendation

The agency estimates FY 1999 expenditures of \$332,886,073 (including \$137,990,927 from the State General Fund). The estimate is an increase of \$15,283,448 or 4.8 percent (\$4,923,360 SGF, or 3.7 percent) above the approved amount of \$317,602,625. The principal increases are found in Long-Term Care programs and include the following: \$8,548,596 (\$4,922,392 SGF) in Nursing Facilities and Home and Community Based Services for the Frail Elderly (HCBS/FE) and Targeted Case Management. In addition, miscellaneous federal and fee fund increases of \$1,061,793 are included, as is a reapportionment of \$968 from the State General Fund for program grants.

The Governor recommends \$324,403,358 from all funds, including \$133,474,540 from the State General Fund. The recommendation is a decrease of \$8,482,715 or 2.5 percent, including \$4,516,387 SGF, or 3.3 percent below the agency request. The recommendation increases the shrinkage rate from 2.5 percent to 5.0 percent for FY 1999 and reduces salaries and wages by \$189,065. Other operating expenditures are reduced by \$472,000. The Long -Term Care programs are reduced by \$7,821,650 from all funding sources including a reduction of \$4,040,726 from the State General Fund below the agency estimate for FY 1999. Finally, the Governor's recommendation concurs with the estimate for aid to local units of government.

Senate Ways and Means Committee

Date 5/16/99

Attachment # 1-1

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following exceptions and comments:

1. Concur with the Governor's Budget Amendment No. 1, Item 4, which includes \$198,912 from the State General Fund for Targeted Case Management to correct the match rate.
2. Deletes \$198,912 from the Medicaid Fund for Targeted Case management to correct the match rate.
3. The agency is requested to prepare a plan for the HCBS/FE waiver that will address how services will be provided, without a waiting list, within the Governor's budget recommendation for the program. The agency had requested \$32,760,000 all funds, including \$13,202,280 from the State General Fund for the program. The Governor recommended \$33.0 million including \$13,260,900 from the State General Fund. If the funding is insufficient, the agency is requested to inform the Governor and the Committee. In addition, the Committee is respectfully requesting a Governor's Budget Amendment to fully fund the program. Therefore, the House Budget Committee recommends that the HCBS/FE waiver be reviewed during Omnibus. In addition, during the Omnibus Session, after resolution to the HCBS waiver issues, the Committee will also review the funding for the Income Eligible and Senior Care Act programs.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

House Recommendation

The full House has not yet considered this agency's budget.

1.8

Senate Subcommittee Report

Agency: Department on Aging

Bill No. 326

Bill Sec. 54

Analyst: Sparks

Analysis Pg. No. 485

Budget Page No. 39

Expenditure Summary	Agency Est. FY 99	Gov. Rec. FY 99*	Senate Subcommittee Adjustments
State Operations	\$ 16,496,529	\$ 15,835,464	\$ 0
Aid to Local Units	5,914,125	5,914,125	0
Other Assistance	310,000,000	302,653,769	(198,912)
Total-Operating Expend.	<u>\$ 332,410,654</u>	<u>\$ 324,403,358</u>	<u>\$ (198,912)</u>
State General Fund	\$ 137,990,927	\$ 133,474,540	\$ 0
Other Funds	194,895,146	190,928,818	(198,912)
Total-Operating Expend.	<u>\$ 332,886,073</u>	<u>\$ 324,403,358</u>	<u>\$ (198,912)</u>
FTE Positions	155.8	155.8	0.0
Unclassified Temp. Positions	3.0	3.0	0.0
TOTAL	<u>158.8</u>	<u>158.8</u>	<u>0.0</u>

* Includes Governor's Budget Amendment No. 1, Item 4.

Senate Subcommittee Recommendations

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

1. Concur with the Governor's Budget Amendment No. 1, Item 4, which includes \$198,912 from the State General Fund for Targeted Case Management to correct the match rate.
2. Delete \$198,912 from the federal Medicaid Fund for Targeted Case Management to correct the match rate.
3. The Subcommittee heard testimony about the Senior Companion Program. The program is handled by Ft. Hays State University in Hays and Riverside Hospital in Wichita and operated with a matching grant from the federal government. Currently, the Department on Aging has an encumbrance in the Administration Program for this program. The Subcommittee adds a proviso to the bill which will allow the funds to be reappropriated to next year if not spent this year.

1-3

House Budget Committee Report

Agency: Department on Aging

Bill No.

Bill Sec.

Analyst: Sparks

Analysis Pg. No. 485

Budget Page No. 39

Expenditure Summary	Agency Request FY 00	Gov. Rec. FY 00*	House Budget Committee Adjustments
State Operations	\$ 18,836,278	\$ 15,468,999	\$ (3,577,703)
Aid to Local Units	6,384,037	5,900,908	0
Other Assistance	336,613,751	316,820,481	(202,788)
Total—Operating Expend.	<u>361,834,066</u>	<u>338,190,388</u>	<u>(3,780,491)</u>
State General Fund	\$ 150,823,606	\$ 137,920,390	\$ 56,297
Other Funds	211,010,460	200,269,998	(3,836,788)
	<u>\$ 361,834,066</u>	<u>\$ 338,190,388</u>	<u>\$ (3,780,491)</u>
FTE Positions	155.8	155.8	0.0
Unclassified Temp. Positions	2.0	2.0	0.0
TOTAL	<u>157.8</u>	<u>157.8</u>	<u>0.0</u>

* Includes Governor's Budget Amendment No. 1, Item 4.

Agency Request/Governor's Recommendation

The Agency requests \$361,834,066 from all funding sources, including \$150,823,606 from the State General Fund for FY 2000. The request is an increase of \$28,947,993 (8.7 percent) all funds, including \$12,832,679 (9.3 percent) from the State General Fund above the FY 1999 estimate. The increase provides an additional \$25,315,440 all funds (\$10,182,403 SGF) above the FY 1999 estimate for the nursing facilities, Home and Community Based Services for the Frail Elderly (HCBS/FE) waiver and the targeted case management. The agency operations are increased by \$2.3 million and include three enhancement packages for community grants. The nutrition grants are increased by \$569,316.

The Governor recommends \$338,190,388 from all funding sources, including \$137,920,390 from the State General Fund for FY 2000. The recommendation is a decrease of \$23,643,678 or 6.5 percent from all funding sources and \$12,903,216 or 8.6 percent from the State General Fund below the agency request. The major reduction occurs in the Long-Term Care program for nursing facilities of \$13,184,577 (\$6,100,885 SGF); HCBS/FE waiver of \$3,940,000 (\$1,631,920 SGF) below the agency request. The recommendation for the nursing facilities concurs with the consensus caseload estimate; however, the HCBS/FE waiver program was removed from the caseload estimating process at the request of the Division of the Budget. Targeted Case Management is reduced by \$1,449,176 (\$666,680 SGF) below the agency request. The nutrition grants are reduced by \$618,914.

14

Agency operations are reduced by \$3,367,279, no enhancement packages are recommended and the shrinkage rate is increased from the requested 2.5 percent to 5.0 percent. The Governor does fund the 1.0 percent classified base salary adjustment, 2.5 percent step movement, full longevity bonus, and a 3.5 percent merit pool at a cost of \$206,467 for FY 2000.

House Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following exceptions and comments:

1. Concur with the Governor's Budget Amendment No. 1, Item 4, which includes \$202,788 from the State General Fund for Targeted Case Management to correct the match rate.
2. Deletes \$202,788 from the Medicaid Fund to correct the match rate for the Targeted Case Management program.
3. Technical corrections are made to the bill to reflect the Governor's intent.
4. Adds \$192,297 State General Fund from the Kansas Savings Incentive Program (KSIP) for the re-engineering project the agency has undertaken to prepare for the expanded customer base as the baby boomers age. The agency is looking at the contrasts between the requirements of current customers and the anticipated needs, desires and expectations of those who will soon be seniors. The project began during FY 1999 and will continue through FY 2000.
5. Shifts \$784,000 from the Medicaid Fund to the State General Fund for the Kansas Aging Management Information System (KAMIS). The Governor had shifted the funding to Medicaid believing that the project would pull down at least this amount during FY 2000. However, the agency testified that it has contacted the U. S. Department of Health and Human Services and has been informed that Medicaid funds cannot be used for this purpose.
6. The agency is requested to prepare a plan for the HCBS/FE waiver that will address how services will be provided, without a waiting list, within the Governor's budget recommendation for the program. The agency had requested \$38,940,000 all funds, including \$15,692,820 from the State General Fund for the program. The Governor recommended \$35.0 million including \$14,060,900 from the State General Fund. If the funding is insufficient, the agency is requested to inform the Governor and the Committee. In addition, the Committee is respectfully requesting a Governor's Budget Amendment to fully fund the program. Therefore, the House Budget Committee recommends that the HCBS/FE waiver be reviewed during Omnibus. In addition, during the Omnibus Session, after resolution to the HCBS waiver issues, the Committee will also review the funding for the Income Eligible and Senior Care Act programs.
7. Deletes \$3.8 million all funds, including \$950,000 from the State General Fund for nursing home inspections from a reportable amount to a non-reportable amount.

15

The inspections are completed by Kansas Department of Health and Environment (KDHE) which is also showing the expenditures as a reportable.

8. The Budget Committee requests that the Legislative Committee which reviews the results of the agency's re-engineering project also examine the proper placement for the nursing home inspections. It is the consensus of the Committee that further investigation should be made to determine if the nursing home industry and the State of Kansas are receiving the most efficient use of resources with the current placement in KDHE.
9. The Budget Committee requests the agency investigate the issue of people who hide assets in order to qualify for Medicaid funding. The agency should report at Omnibus on its findings and make recommendations on how the State can encourage private long-term care financing as opposed to relying on state funding. The agency may wish to contact the Council on State Government (CSG), as it is the belief of the Committee, that CSG has recently published a new booklet on this topic.
10. Adds \$30,000 from the State General Fund to authorize the Secretary to fund a private grant for the provision of a Senior Legal Hotline. The grant must stipulate that the provider will match the state funds a minimum of 50/50 or more. In the past, the Senior Legal Hotline was funded with federal funds. The goals of the Hotline were to act as a first resort for seniors who have legal problems or questions; empower seniors to resolve their own problems, determine when a client's legal issue needs further legal services; and monitor seniors for recurring legal problems. The Hotline, currently, is the only senior hotline in operation in the United States whose model is designed to run mainly on volunteer power with approximately 135 volunteer attorneys. In Federal Fiscal Year 1998, the Hotline handled 3,650 calls and served more than 3,000 seniors. The major types of calls handled by the Hotline were: consumer finance, family, health, income maintenance, and housing. Currently, eligibility is all residents sixty years of age or older.
11. The Budget Committee wishes to commend the Department on Aging for its foresight in convening the re-engineering project. The need to prepare for the influx of persons requesting the agency's services over the next few decades, is evident, as Kansas has seven of the 15 "oldest" counties in the nation. In fact, Smith County is the oldest in the nation. In light of this information, the Budget Committee commends the agency for its proactive approach in dealing with the looming problem.
12. The Committee also wishes to commend the agency and the Area Agencies on Aging for their efforts to better facilitate communications which has shown marked improvement. The agency's and AAA's effort is improving the quality of care given our older citizens in Kansas which benefits all citizens of the state.
13. The Budget Committee was made aware of a new U. S. Department of Health Care Financing Administration's (HCFA) plan to require an Outcome and Assessment Information Set (OASIS) for all patients of agencies which are Medicare-certified. This unfunded mandate requires the providers, Department on Aging and Area Agencies on Aging, to absorb the additional costs of doing the assessment. This is not a small matter as the new rules require an initial 18 page assessment be

completed by a registered nurse; with a 13 page follow-up every 60 days. Again, Medicare certified agencies will not be reimbursed for the time it takes to complete the assessments on non-Medicare clients, nor the administrative costs to upgrade computer hardware for data transmission. As of January 1999, the final regulations for OASIS have not been published; however, HCFA officials are telling providers of in-home services to begin to implement this rule.

The Department on Aging, upon learning about this rule change, did convene a meeting with HCFA, about their concerns with the new rules; but, as of this date, HCFA is proceeding. Therefore, The Budget Committee is drafting a letter to Kansas' Congressional Delegation, outlining the problems, both emotional for the clients and financially for the providers, caused by the rule change. In addition, the Committee requests that the agency continue its efforts and report back prior to the Omnibus Session.

14. The Budget Committee recommends that legislation be drafted which would make the Medical Recoveries and Collections Fund a interest bearing account. The fund collects fees generated from fines imposed on nursing facilities by the Department of Health and Environment or the Health Care Financing Administration for licensure deficiencies; and, recoveries and collection of Medicaid provider overpayments. The only use of the funds is to pay the costs of relocating residents when a nursing facility closes. The Committee also recommends that the interest from the account be used exclusively for training of case managers and the agency staff.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

House Recommendation

The full House has not yet considered this agency's budget.

Senate Subcommittee Report

Agency: Department on Aging

Bill No. 326

Bill Sec. 54

Analyst: Sparks

Analysis Pg. No. 485

Budget Page No. 39

Expenditure Summary	Agency Est. FY 00	Gov. Rec. FY 00*	Senate Subcommittee Adjustments**
State Operations	\$ 18,836,278	\$ 15,468,999	\$ 15,830
Aid to Local Units	6,384,037	5,900,908	0
Other Assistance	336,613,751	316,820,481	1,059,712
Total-Operating Expend.	<u>\$ 361,834,066</u>	<u>\$ 338,190,388</u>	<u>\$ 1,075,542</u>
State General Fund	\$ 150,823,606	\$ 137,920,390	\$ 535,124
Other Funds	211,010,460	200,269,998	540,418
Total-Operating Expend.	<u>\$ 361,834,066</u>	<u>\$ 338,190,388</u>	<u>\$ 1,075,542</u>
FTE Positions	155.8	155.8	0.0
Unclassified Temp. Positions	2.0	2.0	0.0
TOTAL	<u>157.8</u>	<u>157.8</u>	<u>0.0</u>

* Includes Governor's Budget Amendment No. 1, Item 4.

** Excluding the deletion of the Governor's recommended employee pay plan, the Subcommittee's recommendation is an increase of \$1,282,009 all funds, including \$734,797 from the State General Fund.

Senate Subcommittee Recommendations

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

1. Concur with the Governor's Budget Amendment No. 1, Item 4, which adds \$202,788 from the State General Fund for Targeted Case Management to correct the match rate.
2. Deletes \$202,788 from the federal Medicaid Fund for Targeted Case Management to correct the match rate.
3. Delete a total of \$206,467, including \$199,673 from the State General Fund, based on the recommendation to delete funding for a 3.5 percent unclassified merit pool (\$51,042), classified step movement (\$66,156), a 1.0 percent classified base salary adjustment (\$26,539), and longevity bonus payments (\$62,730).

1-8

4. Staff is directed to make technical corrections to the bill to reflect the Governor's intent.
5. The Subcommittee heard testimony regarding nursing home beds in which the Department made the following comparisons:
 - a. Kansas has 81.5 beds compared to the United State average of 53.6 beds per 1,000 persons over 65. However, it should be noted, seven Kansas counties are among the oldest population in the country. In fact, Smith County has the oldest population in the U.S.
 - b. Kansas may have a higher number of beds per capita, when compared to the rest of the nation, however, the occupancy rate is 85 percent compared to 90 percent for the nation.
 - c. Kansas' average length of stay in a nursing home of 719 days compares favorably with the United State average of 838 days. In fact, 45 percent of nursing facility stays in Kansas are for less than one year; 30 percent from one to three years; 18 percent from three to six years; and the remaining 6.5 percent for more than six years.
 - d. Projections for the future in Kansas are shown on the attached graphs prepared by the Department on Aging.
6. The Subcommittee is deeply concerned about the consequences of the new Health Care Financing Administration (HCFA) requirement for all Medicare licensed in-home-based service providers. The Outcome and Assessment Information Set (OASIS) is a report that is now being required of all clients receiving in-home services, paid for by Medicare or any other payment method. The report will require completion by a nurse of 18 pages of information initially, with a 13 page follow up to be provided on each client every 60 days. The in-home service providers will **not** be reimbursed for the time it will take to complete the surveys. The Department on Aging believes that the unreimbursed cost of completing the OASIS for the HCBS/FE, Senior Care Act, and Income Eligible in-home service providers could be \$4,138,500 for the first year.

The Subcommittee has written to the Kansas delegation in Washington asking that the requirement be modified and a copy of the letter is attached.

7. Add \$30,000 from the State General Fund to provide half of the needed funding for a Senior Legal Hotline. The Department on Aging is directed to offer the grant only to a service provider who will provide a minimum of 50 percent of the needed funding from other than state sources. This program has been provided in the past with federal funds that are no longer available.
8. The Governor had shifted \$784,000 from the State General Fund to the Medicaid Fund from the agency request for the Kansas Aging Management Information System (KAMIS). The rationale given was the project would be eligible for at least this amount of federal funding. The agency testified that it has contacted the U. S.

1-9

Department of Health and Human Services and has been informed that Medicaid funds cannot be used for this purpose. However, the agency is continuing to explore clarification with the federal agency and will report back to the Subcommittee prior to the Omnibus Session. The Subcommittee is drafting a letter requesting help of the Honorable Todd Tiahrt of Kansas who serves on the U.S. House Appropriations Committee in Washington.

9. The Subcommittee heard testimony that \$3.8 million all funds, including \$950,000 from the State General Fund is being dually reported. The Department on Aging and the Department of Health and Environment are both reporting these funds for nursing home inspection. The Subcommittee recommends that the Department of Health and Environment begin showing these funds as a non-reportable expenditure.
10. Adds \$1,250,000, including \$500,000 from the State General Fund for the Home and Community Based/Frail Elderly Waiver Program. The program is based on the assumption that it is more cost effective to keep people in their own home and is enhanced by the reality that the person is much happier in their own home. In-home services, i.e., cleaning, meal preparation, assistance with bathing and/or medication, health care attendant, etc., for a few hours a day is costs much less than a nursing facility. Nursing homes charge for an entire array of services whether needed or not at an average per year charge of \$22,000. The waiver's average per person cost is \$9,000 a year. The annual cost of one nursing facility bed will serve 2.3 persons on the waiver. In addition, the agency also reports that it would require six to twelve months to acquire legal authorization from the Health Care Financing Administration for a waiting list.
11. The Subcommittee heard testimony that congregate meals are declining while in-home meals are increasing for the Nutrition Program. This change has been attributed to the fact that people are waiting longer to start using these services, often until they are in their seventies. While the individuals are older, they are also more frail; therefore, in-home delivery becomes the choice by necessity. The Governor took into consideration budget recommendations that shifted some meals from congregate to in-home delivery.
12. The agency has \$192,297 from the Kansas Savings Incentive Program (KSIP) that is not included in the Governor's budget. The \$192,297 would be added for the re-engineering project for staff training.
13. The Subcommittee recommends that the Department on Aging, the Area Agencies on Aging, and the Department of Social and Rehabilitation Services begin a coordinated effort of outreach and education for the elderly regarding Food Stamps. The outreach should include information about the electronic benefits' transfer, food stamps on credit card or the availability of the paper stamps for congregate meal sites. Testimony was presented about the elderly population living near or below poverty level having to make choices between food and medicine. In Kansas, a decline in Food Stamp issuance of 40.8 percent has occurred since 1995.
14. The Subcommittee recommends that the Department on Aging, the Area Agencies on Aging, and the Department of Revenue begin a coordinated effort to educate

the elderly about the Homestead Program and the Food Sales Tax Rebate Program.

15. Add \$12,500 from the State General Fund for the Retired Senior Volunteer Program. The Retired Senior Volunteer Program is a network of fifteen projects tapping the experience, skills, talents, interests and creativity of 9,056 seniors age 55 and over. During the 1997-98, RSVP volunteers contributed 1,402,527 hours of service to 1,490 nonprofit agencies in Kansas. Some of services provided by the volunteers include:
 - a. providing companionship and light chore services to homebound persons
 - b. tutoring children in classrooms and helping with after school programs
 - c. providing home security checks and patrol service in rural areas
 - d. staffing pre-school services for low income children
 - e. leading exercise programs for seniors
 - f. providing transportation for medical services, shopping, etc.
 - g. miscellaneous other services

Had the hours spent in volunteering been compensated at the minimum wage the cost would have been \$7.2 million to Kansas communities.

16. The Subcommittee heard testimony about the Income Eligible Program which provides in-home services to frail elderly whose incomes fall below 150 percent of the federal poverty level. The agency had requested an enhancement of \$300,000 to provide for people already receiving services to continue at the same level of service. The Subcommittee will reexamine the Program during the Omnibus Session.
17. The Subcommittee finds that public transportation is essential to servicing the needs of senior Kansans and allowing them to remain in their homes. The Subcommittee further believes these needs can be met by designating funds in the new comprehensive transportation plan to purchase new and replacement vehicles and build an infrastructure to increase transportation services for the elderly.

During the 1998 Legislative Session, the Senate recommended that new funding be made available for the Area Agencies on Aging 's transportation needs; however, during the Omnibus Session \$350,000 of new funds was directed to assist not only, Department on Aging, but Department of Social and Rehabilitation Services transportation needs. The bill required community coordination and collaboration to solve transportation barriers and that grants be administered on a competitive basis. The grants have been made. A list of the recipients is attached.

In addition, the Subcommittee notes that \$1.0 million is transferred from the Highway Fund to the Elderly and Disabled Coordinated Public Transportation Assistance Fund each year. However, this amount has not increased since 1994 but the demand for services continues to increase.

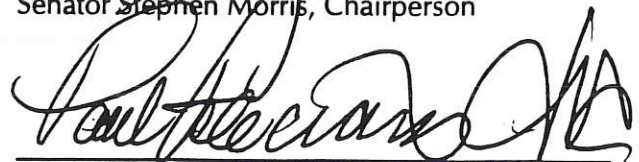
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FY 1999 and FY 2000


**Senate Subcommittee Report on
Department on Aging**



Senator Stephen Morris, Chairperson



Senator Paul Feleciano, Jr.



Senator Larry Salmans

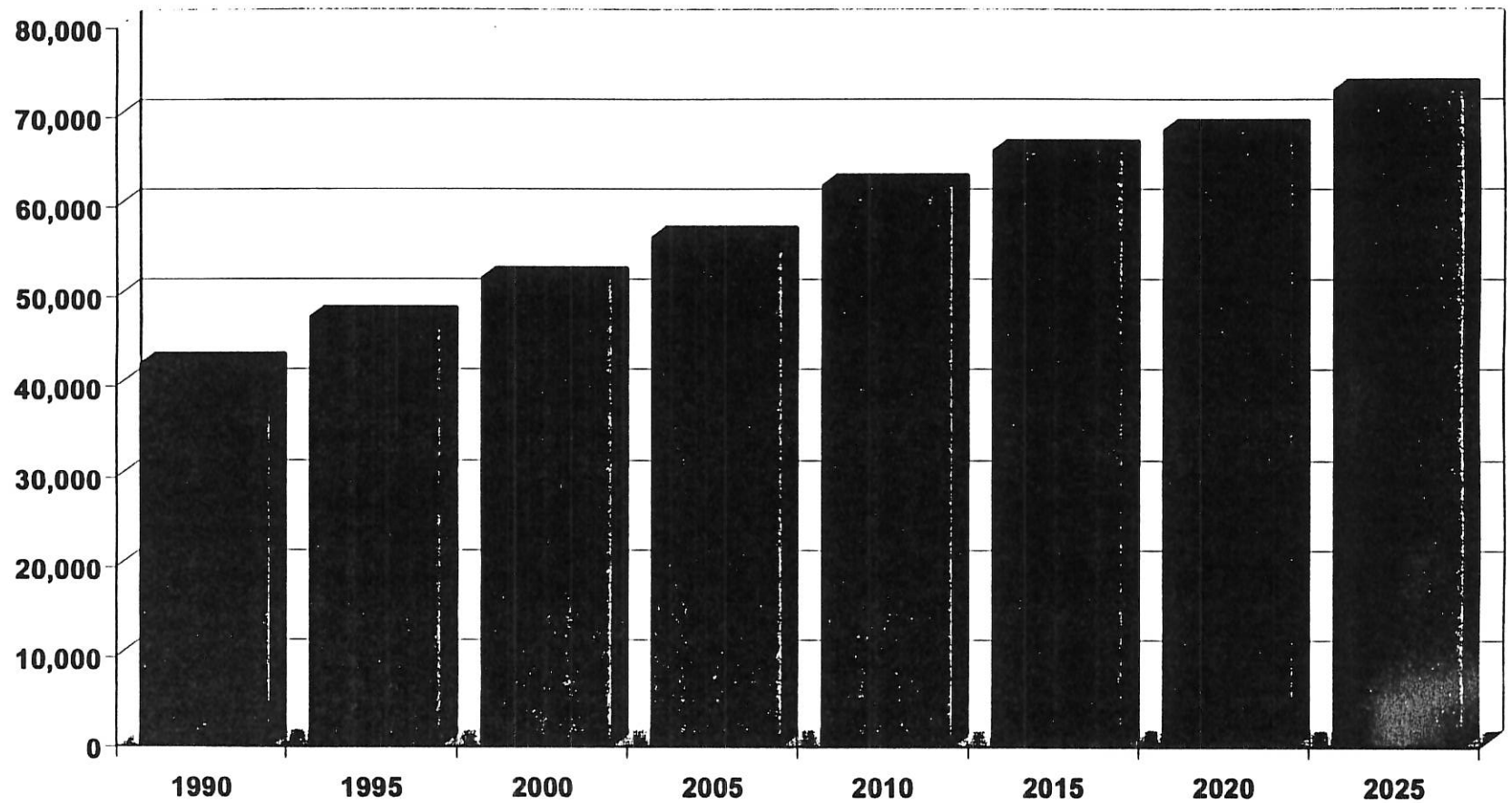
Senate Ways and Means Committee

Date 3/16/99

Attachment # 1-12

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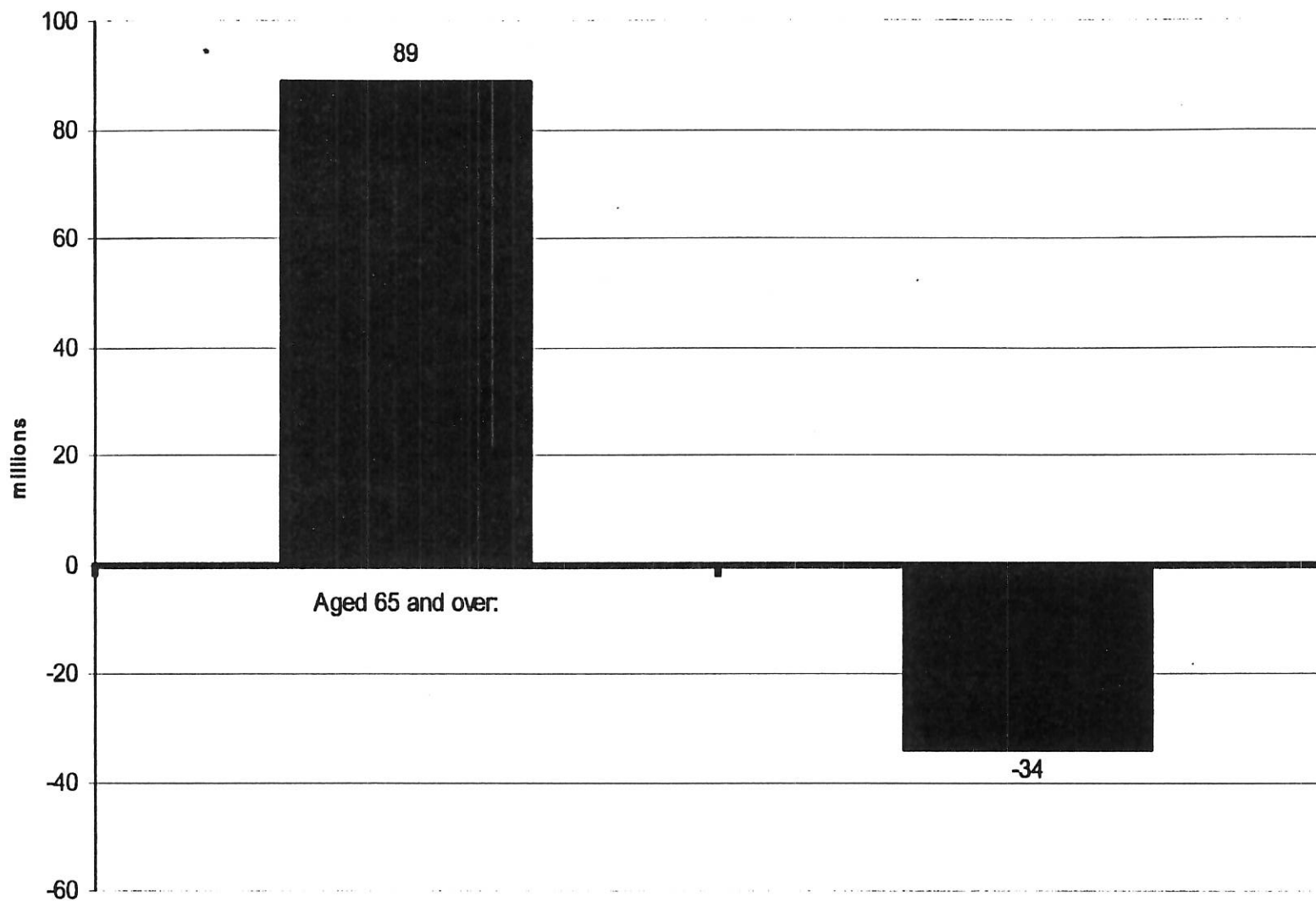
Kansans Aged 85 or Older



By 2030, the developed world will gain nearly 100 million elders-while the number of working-age adults shrinks:

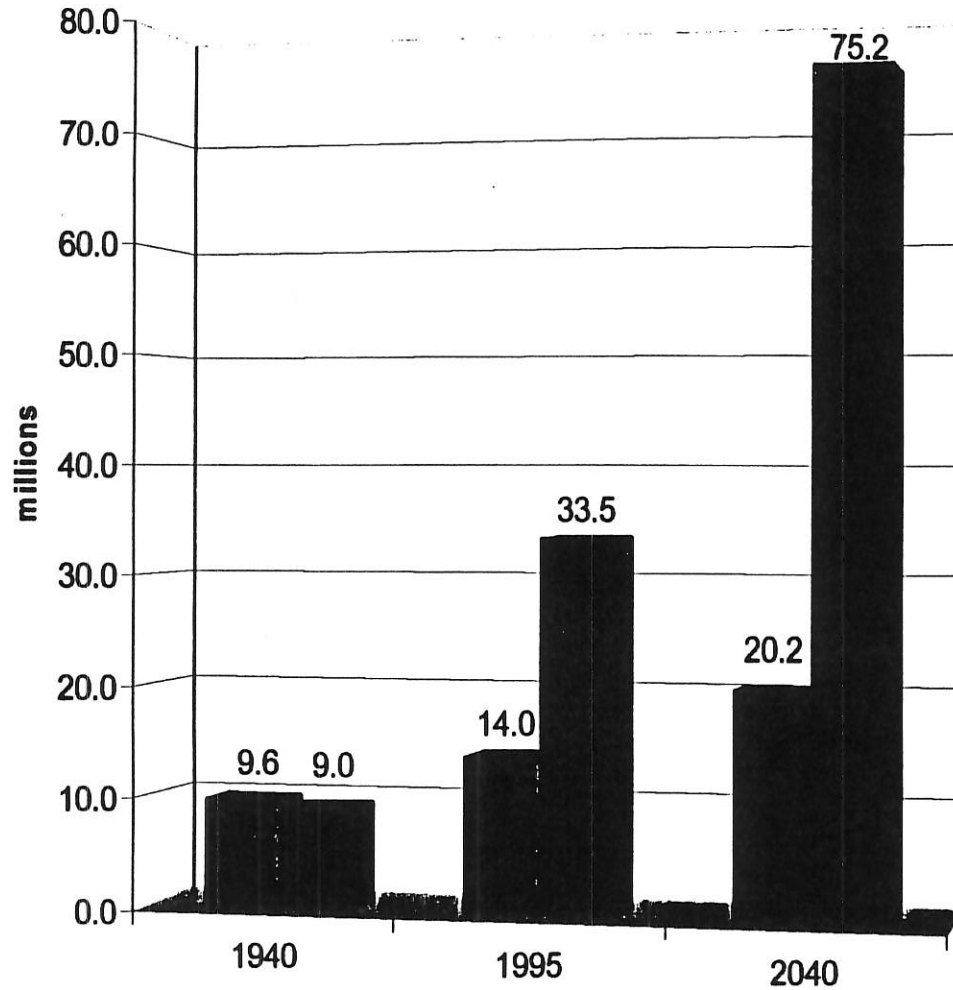
Handwritten scribbles and the number "1-1-1" in the top right corner.

Total change in the population of the developed world



SOURCE: OECD (1996)

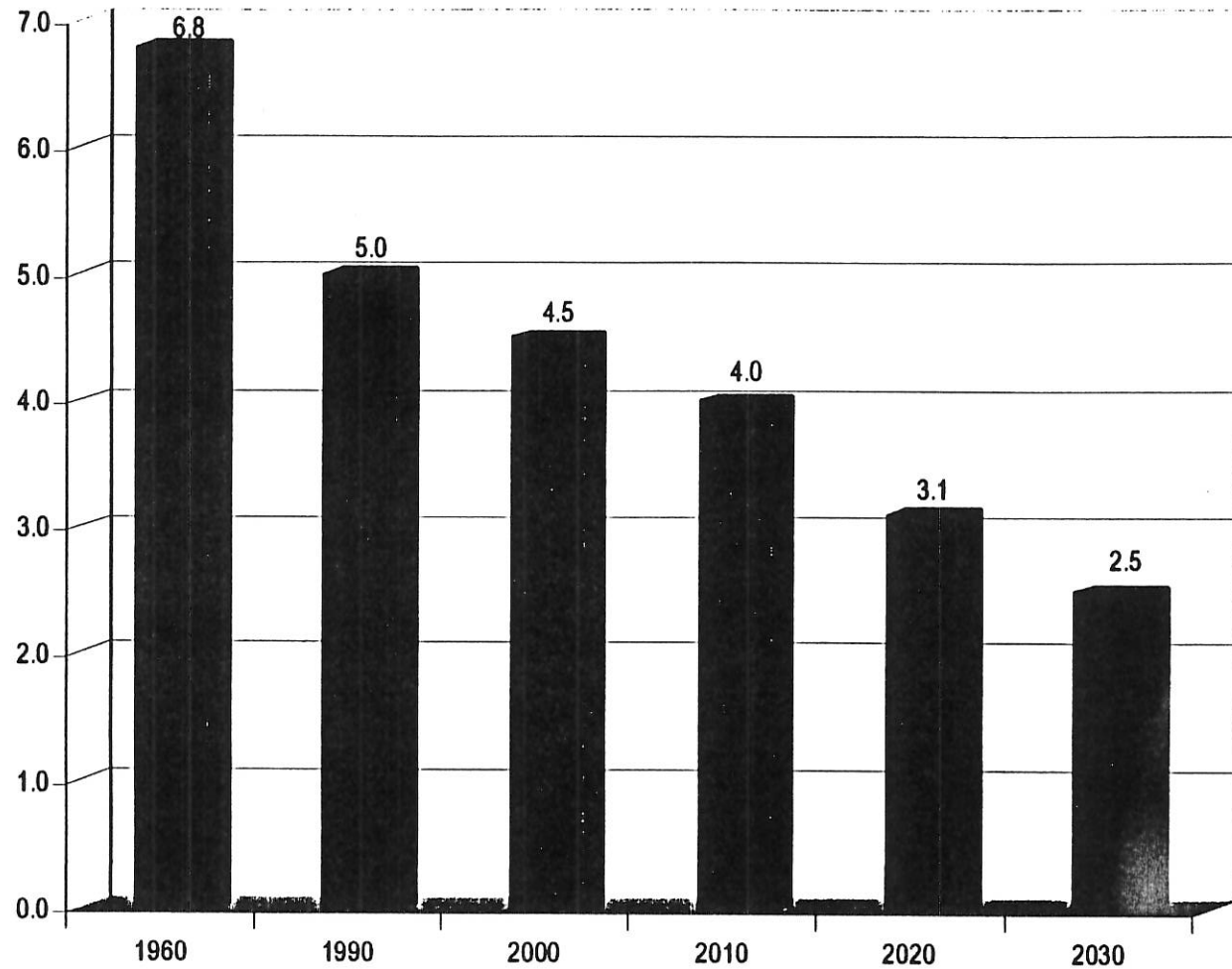
When the elderly outnumber college-age youth by four to one, America's youth tradition may only be a memory



SOURCE: Census (1996)

■ U.S. college-age youth (aged 18-21)
■ The elderly (aged 65 & over)

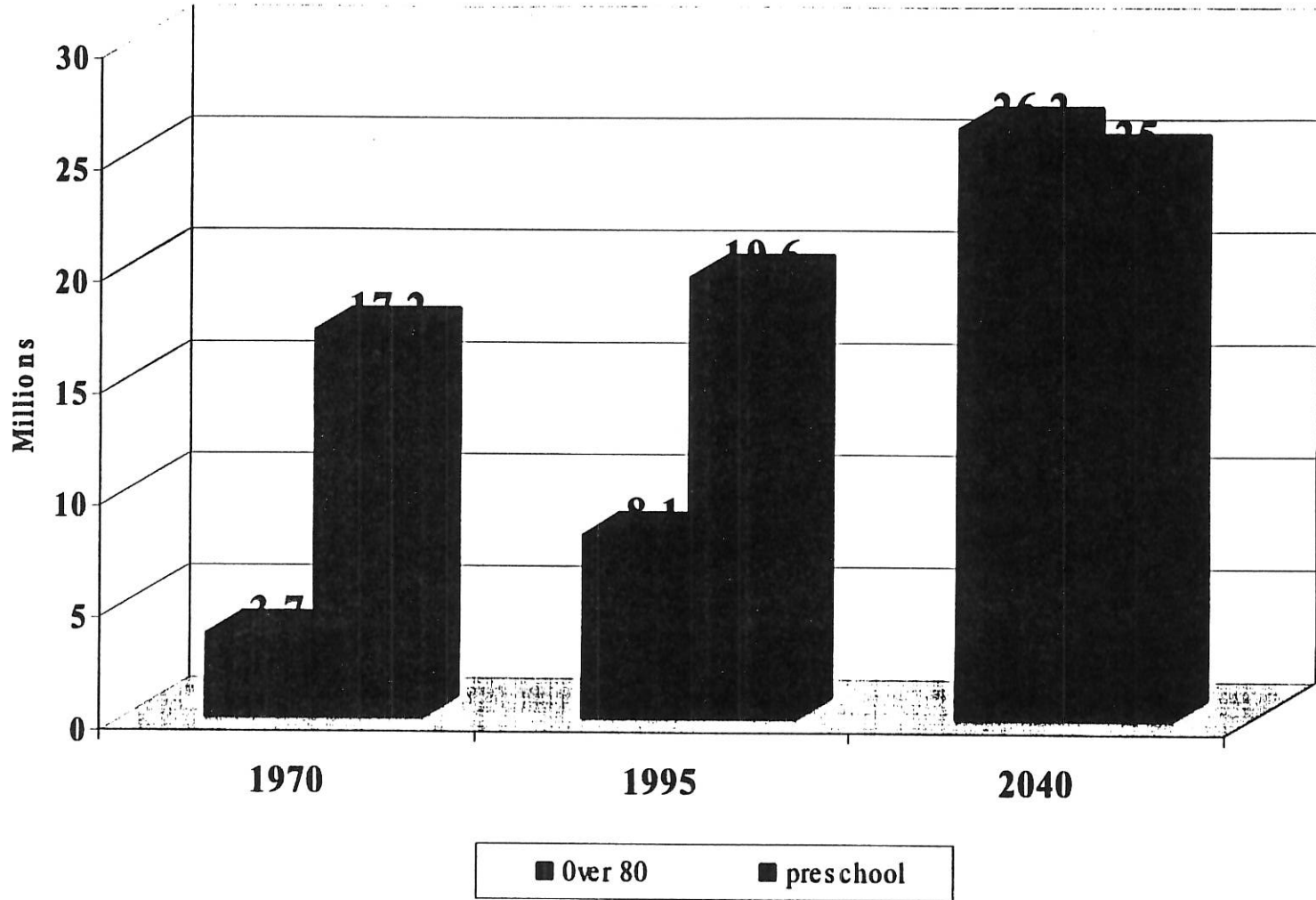
There will be ever fewer working-age adults available to support each elder.



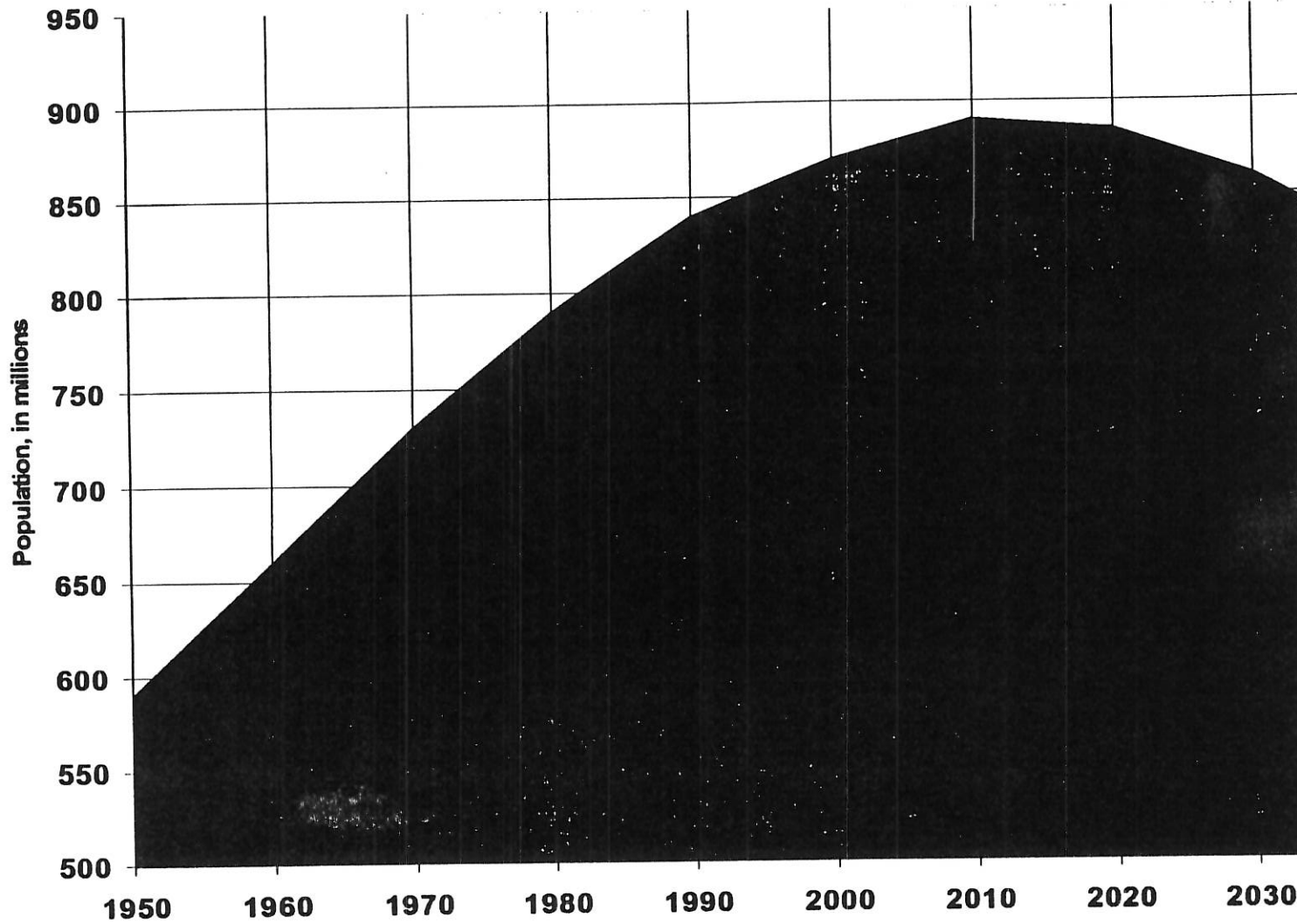
SOURCE: OECD (1996)

Ratio of working-age
adults (aged 15-64) to the
elderly (aged 65 & over)
in the developed world

Americans Aged 80 and over versus Preschool Population



Population of the Developed World



STATE OF KANSAS

STEVE MORRIS

SENATOR, 39TH DISTRICT

600 TRINDLE

HUGOTON, KS 67951

(316) 544-2084

STATE CAPITOL BUILDING, ROOM 143-N

TOPEKA, KS 66612

(785) 296-7378



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

CHAIRMAN	AGRICULTURE
	SRS TRANSITION OVERSIGHT
VICE CHAIR	ENERGY AND NATURAL RESOURCES
MEMBER	ORGANIZATION, CALENDAR AND RULES
	STATE BUILDING CONSTRUCTION UTILITIES
	WAYS AND MEANS

March 11, 1999

Congressman Jerry Moran
1519 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Moran:

It has come to the attention of the Kansas Senate Committee reviewing the Department on Aging's budget that recent proposed changes in the enforcement of Health Care Financing Administration (HCFA) regulations regarding the Outcome and Assessment Information Set (OASIS), will create financial hardships on all home health providers for the aging. The Department on Aging has determined that the rule change will cost \$4,138,500 for the first year of implementation to Kansas providers of service. Therefore, the new regulation will drive several of the providers out of business in a rural state. This will impact all of the citizens of your state with increased numbers going into nursing facilities and the following higher taxes.

The new rules require that an 18-page initial assessment be completed by a registered nurse, with a 13-page follow-up every 60 days. The OASIS assessment is for all patients, Medicare and non-Medicare, if the agency is Medicare certified. The home health agencies will not be reimbursed for the time it takes to complete the assessments, nor the administrative costs to upgrade computer hardware for data transmission.

The impact will fall heaviest on the small agencies, which make up the majority of the service providers in Kansas, which have the least staff and the least resources to comply with the regulations. We are asking for your assistance in securing a change to these regulations and preserve the integrity of the OASIS system. We make the following recommendations for your consideration and implementation.

- Apply OASIS exclusively to Medicare patients. This would be consistent with HCFA's decision to not establish eligibility for Medicare home health benefits for non-Medicare patients. The home health agencies would be collecting only the data required for internal recordkeeping purposes.
- Give agencies the option to submit a one-page follow-up form indicating "no change" for long-term or chronic patients whose condition, prognosis, or care

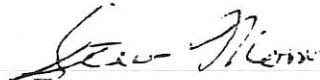
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is not likely to change until discharge. The complete 13-page follow-up form should only be required when changes in treatment or condition occur.

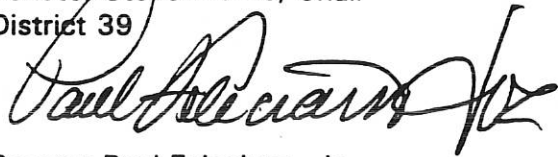
- Collect only the data items required for use as "case-mix adjusters" in developing the Prospective Payment System. Complying data on housekeeping ability or descriptions of the patient's living arrangements does not appear to be relevant.
- Finally, HCFA should be conservative, at least initially, in its enforcement of the OASIS regulations on small agencies as long as training is in progress and movement toward OASIS exists, for a reasonable period of time.

Thank you for your consideration of the problem and the stated alternatives. The House Budget Committee believes that all parties involved could benefit from the adoption of all or some of the recommendations contained herein. However, if the first alternative is not implemented, financial consideration needs to be part of the regulation for the home health agencies.

Sincerely,



Senator Steve Morris, Chair
District 39



Senator Paul Feleciano, Jr.
District 28



Senator Larry Salmans
District 37

**Transportation Projects Funded with KDOA Competitive Grants
December 18, 1998**

Mid-America Nutrition Program \$25,175 for: (Outcome) Show overall reduction in maintenance costs and insure uninterrupted delivery of meals.

Purchase a full-size replacement cargo van for delivering meals from the kitchen in Ottawa to congregate and home bound clients in Coffey County, and on occasion area-wide. Begins process of replacing several older vans in the fleet. The van provides possible expansion capabilities into more rural areas. Mid-America Nutrition Program, Inc. is an elderly nutrition provider serving a five county area in East Central Kansas. For more information, contact Mary Lou Branstrator, Project Director (785-242-8341).

Senior Services of SE Kansas, Inc. \$34,078 for: (Outcome) Maintain and expand meal delivery to homebound, low-income and socially isolated rural elders in Southeast Kansas.

Purchase two replacement cargo vans to transport meals from: (1) the Pittsburg kitchen to five sites in Crawford County for 186 elderly customers, and (2) the Chanute kitchen to four sites in Allen and Woodson Counties for 167 elderly customers. Senior Services of SE Kansas, Inc. is an elderly nutrition provider serving a nine county area in Southeast Kansas. For more information, contract Joann Spradlin, Project Director, (316-251-7313).

Aging Projects, Inc.. \$23,853 for: (Outcome) Increase reliability of service in isolated areas to congregate and home delivered customers and provide safer working conditions for the food transport employee.

Purchase a replacement cargo mini-van for delivering bulk food to the Nashville/Cunningham area in Kingman County. Aging Projects, Inc. is an elderly nutrition provider serving a 10 county area in South Central Kansas. For more information, contact Marcia McClanahan, Project Director, (316-669-8201)

Wilson County Hospital \$39,180 for: (Outcome) Increase transportation for people with disabilities, special needs and elderly.

Purchase a 12 passenger, handicapped accessible van for seven groups collaborating on the "The Wilson County Special Populations Transportation Program." Wilson County Hospital's Generations Mental Health Program will coordinate the project and the hospital's out-patient department will coordinate scheduling. The van will be available on a first come, first serve basis to: persons with psychiatric disabilities; nursing home residents and seniors; children with special needs in day care; patients with non-healing wounds; and those clients with mental retardation and/or developmental disabilities. Local partners in the initiative include: New Beginnings, Golden Keys, P.A.T.H., THANKS, Children's Learning Center and the hospital's Wound Care Management Program. For more information, contact Billie Porter, Project Director, (316-325-2611).

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Lyon County Council on Aging \$9,575 for: (Outcome) Expanded service hours for SRS clients needing work-related transportation.

This project will provide reliable, low-cost, accessible transportation to individuals whom are experiencing life transitions and in need of a reliable source of transportation for work related purposes. It is a coordinated project of the Lyon County Council on Aging, North Central/Flint Hills Area Agency on Aging and the Emporia Area Social and Rehabilitation Services. Grant funds will replace motors in two busses operated by the Lyon County Council on Aging, purchase of three child safety restraint seats, pay increased fuel and printing expenses for 1200 bus passes for SRS clients and some operating costs for Operation GO (Get Out) to transport socially isolated area seniors to/from pre-arranged social events. For more information, contact Rhonda Savage, Project Director (316-342-6119)

Doniphan County Transportation \$28,873 for: (Outcome) Expand Doniphan County Transportation's service to two target groups, specifically designed to provide a reliable mode of transportation for (1) "Welfare to Work" clients for their job searches/interviews and to and from job sites and (2) the isolated elderly living outside the major towns in the county, to the nearest senior citizens center for a nutritious meal, activities and fellowship with peers.

Grant funds will purchase a 7-passenger van and cover some personnel and operating costs. For more information contact Doreene Whetstine, Project Director, (785-985-2380).

Johnson County Human Services and Aging \$25,613 for: (Outcome) Restart a "Volunteer Wheels" program for older adults, individuals making life transitions, low-income residents and people with disabilities who reside in rural Johnson County.

Volunteer drivers will be recruited to transport eligible persons to medical appointments, shopping, social events, or any other activity. The grant will fund the program for 6-months, including program coordinator, a contractor, computer equipment, operating costs and mileage reimbursement for volunteer drivers. This is a cooperative effort of the County's Human Service and Aging, Mental Health Center, Developmental Services, Special Services and Area Agency on Aging and the Volunteer Center of Johnson County. For more information, contact Kathleen S. Lamm, Project Director, (913-477-8142)

OCCK, Inc. \$72,040 for: (Outcome) Transportation services to the community, including people with disabilities of all ages, older citizens, as well as low income individuals and families.

Purchase two mini-vans (one is wheel chair accessible) for OCCK, Inc. of Salina for evening and weekend transportation services. Operating costs and cell phone costs are also included in the project. The project will benefit a number of local organizations (including a transportation coalition) and individuals who have few options for transportation in the Salina area. This coalition has worked to enhance the community's transportation system. In recent months, the group has increased its coordination and is developing a one-call system to schedule rides. Coalition members include the Commission on Aging, the Volunteer Connection/RSVP, the Hotline Information and Referral System, and the Emergency Aid/Food Bank. For more information, contact Gary Rohr, Project Director (785-827-9383).

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Developmental Services of Northwest Kansas, Inc. \$46,053 for: (Outcome) Enhance the capabilities on an existing service, increase monthly ridership, and decrease miles driven through the purchase of dispatch software and required hardware.

This will benefit Access Transportation, a coordinated transportation program operating in Ellis County which serves elderly, disabled and general public. Software is designed to track client and vehicle information, schedule trips and vehicles, perform billing functions, produce extensive reporting and includes a fully automated scheduler to schedule trips that reduces time to schedule trips to seconds. At the end of a 6-month grant period, Access Transportation will also conduct a statewide training program which highlights coordination/collaboration initiatives. For more information, contact Ron Straight, Project Director (785-625-2018).

Jefferson County Service Organization \$10,160 for: (Outcome) Increase job retention by 25% through expanded service delivery for employment related transportation for persons on cash assistance and increase by 10% general service delivery as a result of enhanced communication systems.

Personnel and maintenance costs as well as two replacement engines, a replacement air conditioner and 10 cell phones are included in the grant. This project involves the Northeast Kansas Community Action Program, Kansas Department of Social and Rehabilitation Services and the Jefferson County Services Organization. For more information, contact Lynn Luck, Project Director (785-863-2637).

Reno County (Department of Aging) \$35,400 for: (Outcome) The outcome of the project, in addition to the Action Plan and Marketing Plan, is formation of a Transportation Task Force charged by the County Commission to make community-wide decisions about transportation needs and solutions to enhance and expand the county's current transportation system.

Purchases the services of a contracted consultant to assist Reno county with a needs and gap assessment; development of an Action Plan and Marketing Plan; and grant writing. For more information, contact Karin Rexroad, Project Director (316-694-2911).

1-23
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House Budget Committee Report

Agency: Department of Social and Rehabilitation Services
(excluding MH & DD Services)

Bill No. 2521

Bill Sec. 20

Analyst: Sparks

Analysis Pg. No. 711

Budget Page No. 393

Expenditure Summary	Agency Estimate FY 99	Gov. Rec. FY 99	House Budget Committee Adjustments
State Operations	\$ 267,293,765	\$ 267,118,324	\$ 0
Local Aid	22,745,394	22,745,394	0
Other Assistance	810,027,647	850,803,368	0
Subtotal - Operating	\$ 1,100,066,806	\$ 1,140,667,086	\$ 0
Capital Improvements	5,405,217	5,405,217	0
TOTAL	<u>\$ 1,105,472,023</u>	<u>\$ 1,146,072,303</u>	<u>\$ 0</u>
State General Fund	\$ 367,109,989	\$ 382,114,025	\$ 0
Other Funds	732,956,817	758,553,061	0
Subtotal - Operating	\$ 1,100,066,806	\$ 1,140,667,086	\$ 0
State Institutions Building Fund	5,405,217	5,405,217	0
TOTAL	<u>\$ 1,105,472,023</u>	<u>\$ 1,146,072,303</u>	<u>\$ 0</u>
FTE Positions	4,111.5	4,111.5	0.0
Unclassified Temp. Positions	94.0	94.0	0.0
TOTAL	<u>4,205.5</u>	<u>4,205.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's revised estimate of \$1.105 billion (excluding MH & DD Services) for FY 1999 is an increase of \$53.8 million from the budget approved by the 1998 Legislature. State General Fund expenditures of \$367.1 million is an increase of \$4.8 million. The estimate includes 4,111.5 FTE and 94.0 UT positions. An overall shrinkage rate of 5.5 percent is requested. The agency estimates capital improvement expenditures of \$5.4 million for rehabilitation and repair projects and maintenance of the Chantute Area Office Building.

The Governor recommends current year expenditures of \$1.146 billion (excluding MH & DD Services) an increase of \$101.9 million above the budget approved by the 1998 Legislature. The State General Fund recommendation of \$382.1 million is an increase of \$22.2 million above the approved budget. The recommendation is an increase of \$40.6 million all funds and \$15.0 million State General Fund as compared to the agency's revised estimate. The recommendation reflects November 1998 consensus caseload estimates. The Governor concurs with the agency estimate for positions, shrinkage rate, and capital improvement projects.

Senate Ways and Means Committee

Date _____

Attachment # _____

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 1999 with the following exceptions and comments:

Administrative Services Commission

1. The Budget Committee recommends that 50 percent of the total monies received in FY 1999 and FY 2000 from the Master Settlement Agreement with the tobacco companies be placed in the Family and Children Endowment Account Non-Expendable Trust Fund. The account was established during the 1998 Legislative Session with passage of Senate Bill 495, the comprehensive appropriations bill. Under the Budget committee's recommendation a proviso also will be placed in the current appropriation's bill which will require the interest earnings remain in the endowment account.
2. The Budget Committee recommends that the SRS Transition Oversight Committee be directed to prepare a plan for the expenditure of the interest or all of the settlement funds in the endowment account; and present the plan to the Legislature at the beginning of the 2000 Legislative Session.
3. With regard to the Kansas Enhanced Statewide Support Enforcement Project (KESSEP) being developed by SRS, the Committee notes that the agency has testified that the federal September 1999 deadline for completion will be accomplished. The system is being developed to meet the federal requirements mandated by the Family Support Act of 1989. The Budget Committee has also received testimony that the internal timetable for completion has been exceeded by the addition of new contract staff at an estimated cost of \$4.6 million. The system is now scheduled to cost a total of \$45.9 all funds including \$13.3 million from state funds.

Once KESSEP is certified and implemented statewide, it will be necessary to begin work on new federal requirements contained in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. One of the most important elements of the new requirements is the ability to interface with a number of other computer systems including other state agencies, local entities, financial institutions, and national databases.

Child Support Enforcement

1. The House Budget Committee requests the agency report at Omnibus on the current status of the federally mandated Support Payment Center. The 1996 Welfare Reform legislation requires the state to have a centralized payment center by October 1999. The agency and the Office of Judicial Administration (OJA) are working together to meet the requirement, possibly through the RFP process. It should be noted that this may have appropriation potential for both SRS and OJA.

Income Maintenance and Employment Preparation Services Commission

1. The State has again experienced a dramatic decrease in cash assistance caseloads. Caseloads have decreased from \$83.2 million/57,762 clients in FY 1997 to an estimated \$45.0 million/32,211 clients for FY 1999, a decrease of approximately 45.9 percent in dollars and 44.2 percent in client numbers. The Committee notes that even though there have been all funds expenditure decreases, the State cannot capture State General Fund savings due to the

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required Maintenance of Effort (MOE). The Budget Committee also recognizes that because of the dramatic caseload decreases, the clients remaining on the rolls are the most difficult to place in employment and generally have multiple barriers to employment; therefore, the rapid decrease is not expected to continue.

2. The Budget Committee received information that the federal funding for Food Stamp Administration has been reduced and the effect will be immediate. The State will be required to provide for an additional \$1.6 million of state funds between FY 1999 and FY 2000. The agency is confident that the change can be handled within existing resources. However, in the future monies will have to be appropriated to meet the increased State requirement for administration costs.

Adult and Medical Services Division

1. The Committee requests the agency to prepare a plan for the Home and Community Based Services (HCBS) Waiver for the Physically Disabled. The plan is to address how services will be provided, without a waiting list, within the Governor's Budget Recommendation for the program. If the funding is insufficient, the agency is to inform the Governor and the Committee. In addition, the Committee is respectfully requesting a Governor's Budget Amendment to fully fund the program. Therefore, the Committee recommends the HCBS/PD waiver program be reviewed at Omnibus.
2. The agency informed the Committee that the federal government is giving serious consideration to changing the funding match rates for Medicaid administration. The change, if it occurs, would be comparable to the Food Stamp administration adjustment. The agency is directed to keep the Committee informed about the federal discussions regarding Medicaid.

Alcohol and Drug Abuse Service Commission

1. The agency is directed to inquire of the Department of Human Resources to assess the availability of Welfare-To-Work funding to be used for alcohol and drug abuse services. The Committee was informed that other states were attempting to use these funds in this manner. In addition, the agency is to report back to the Committee prior to the Omnibus Session about their findings.

Children and Family Services Commission

1. The Committee believes that additional funding may need to be provided for the foster care contracts; however, until the contract negotiations are completed, the amount will not be known by the agency. In addition, when the negotiations are completed the Committee respectfully requests the Governor to issue a budget amendment to fully fund this program. Therefore, the Committee recommends the foster care contracts be reviewed prior to Omnibus.
2. The Committee notes the funding provided by SRS for the temporary judge position in Sedgwick County will run out at the end of June 1999. In addition, the Committee wishes to thank the agency for their support in funding the solution to the backlog of juvenile cases, both foster care and juvenile offender and hopes the agency will again provide funding for this position for an additional year.
3. Technical corrections are made to the bill to reflect the Governor's intent.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

House Recommendation

The full House has not yet considered this agency's budget.

Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services
(excluding MH & DD Services)

Bill No. 323

Bill Sec. 20

Analyst: Sparks

Analysis Pg. No. 711

Budget Page No. 393

<u>Expenditure Summary</u>	<u>Agency Estimate FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
State Operations	\$ 267,293,765	\$ 267,118,324	\$ 400,000
Local Aid	22,745,394	22,745,394	0
Other Assistance	810,027,647	850,803,368	17,100,000
Subtotal - Operating	<u>\$ 1,100,066,806</u>	<u>\$ 1,140,667,086</u>	<u>\$ 17,500,000</u>
Capital Improvements	5,405,217	5,405,217	0
TOTAL	<u><u>\$ 1,105,472,023</u></u>	<u><u>\$ 1,146,072,303</u></u>	<u><u>\$ 17,500,000</u></u>
State General Fund	\$ 367,109,989	\$ 382,114,025	\$ 5,400,000
Other Funds	732,956,817	758,553,061	12,100,000
Subtotal - Operating	<u>\$ 1,100,066,806</u>	<u>\$ 1,140,667,086</u>	<u>\$ 17,500,000</u>
State Institutions Building Fund	5,405,217	5,405,217	0
TOTAL	<u><u>\$ 1,105,472,023</u></u>	<u><u>\$ 1,146,072,303</u></u>	<u><u>\$ 17,500,000</u></u>
FTE Positions	4,111.5	4,111.5	0.0
Unclassified Temp. Positions	94.0	94.0	0.0
TOTAL	<u><u>4,205.5</u></u>	<u><u>4,205.5</u></u>	<u><u>0.0</u></u>

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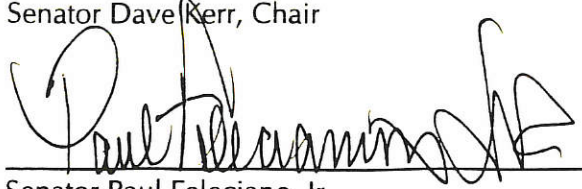
Senate Subcommittee Recommendations

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

1. Staff is directed to make technical corrections to the bill to reflect the Governor's intent.
2. Adds \$17,100,000 million all funds, including \$5.0 million from the State General Fund and \$10.0 million from the TANF fund to the Children and Family Services Commission. The funding is for foster care contracts (\$15.6 million) and adoption contracts (\$1.5 million) The Secretary presented testimony that the real need within these areas is \$25.1 million; however, the agency is prepared to find within existing resources \$8.5 million to fully fund the expected caseloads for the year. The Commissioner for Children and Family Services explained that if the funding was not provided:
 - a. The state will fail in its efforts to complete the reform of our child welfare system.
 - b. The problem will remain and increase in size.
 - c. One or more of the contractors will leave the system.
 - d. Some children will still be in foster care when they should be in homes. Other children will not receive services they need. Kansas will have lost the investment of the past two years.
3. A proviso is added to the permanent guardianship funding to allow any balance to reappropriate to the following year.
4. Add \$400,000 from the State General Fund to the HealthWave Administration and Outreach Program to allow for an increase in administrative costs of the contractors. A proviso is also recommended which provides that any health maintenance organization which contracts with the Department of Social and Rehabilitation Services to provide managed care physical health benefits under the HealthWave Program and also contracts with the Department to provide managed care physical health benefits under the PrimeCare Program may be eligible for similar enhanced funding.



Senator Dave Kerr, Chair



Senator Paul Feleciano, Jr.



Senator Steve Morris



Senator Marge Petty



Senator Alicia Salisbury

House Budget Committee Report

Agency: Department of Social and Rehabilitation Services
(excluding MH & DD Services)

Bill No. 2519

Bill Sec. 55

Analyst: Sparks

Analysis Pg. No. 711

Budget Page No. 393

Expenditure Summary	Agency Request FY 00	Gov. Rec. FY 00	House Budget Committee Adjustments
State Operations	\$ 280,610,492	\$ 273,738,234	\$ 1,325,000
Local Aid	24,356,605	21,606,605	0
Other Assistance	<u>861,419,846</u>	<u>884,714,423</u>	<u>10,600,000</u>
Subtotal - Operating	\$ 1,166,386,943	\$ 1,180,059,262	\$ 11,925,000
Capital Improvements	<u>6,151,180</u>	<u>3,264,605</u>	<u>0</u>
TOTAL	<u><u>\$ 1,172,538,123</u></u>	<u><u>\$ 1,183,323,867</u></u>	<u><u>\$ 11,925,000</u></u>
State General Fund	\$ 391,330,026	\$ 398,021,510	\$ 4,250,000
Other Funds	<u>775,056,917</u>	<u>782,037,752</u>	<u>7,675,000</u>
Subtotal - Operating	\$ 1,166,386,943	\$ 1,180,059,262	\$ 11,925,000
State Institutions Building Fund	<u>6,151,180</u>	<u>3,264,605</u>	<u>0</u>
TOTAL	<u><u>\$ 1,172,538,123</u></u>	<u><u>\$ 1,183,323,867</u></u>	<u><u>\$ 11,925,000</u></u>
FTE Positions	4,111.5	4,105.5	0.0
Unclassified Temp. Positions	<u>94.0</u>	<u>94.0</u>	<u>0.0</u>
TOTAL	<u><u>4,205.5</u></u>	<u><u>4,199.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The agency request of \$1.173 billion (excluding MH & DD Services) for FY 2000 is an increase of \$67.1 million (6.1 percent) above the revised FY 1999 estimate. The request includes \$391.3 million in State General Fund, an increase of \$24.2 million (6.6 percent). The request includes 4,111.5 FTE and 94.0 UT positions, the same number as requested in FY 1999. An enhancement package of \$ 37.9 million (\$16.6 State General Fund) for a variety of program enhancements is also requested for FY 2000. The agency request \$6.2 million in capital improvements for rehabilitation and repair projects and maintenance of the Chanute Area Office building.

The Governor recommends operating expenditures of \$1.180 billion, an increase of \$13.7 million (1.2 percent) above the agency request for FY 2000. The State General Fund recommendation of \$398.0 million is an increase of \$6.7 million (1.7 percent) above the request. The Governor recommends funding for an expansion of the children's waiver; funding for advanced early childhood training and technical assistance; and funding for short term child care for low income families needing additional skill-specific training. Included in the recommendation are 4,105.5 FTE and 94.0 UT positions, a decrease of 6.0 FTE positions due to the retirement reduction law. An overall shrinkage rate

of 5.4 percent is recommended as compared to the agency request of 4.85 percent for FY 2000. The Governor recommends a 2.5 percent classified step movement, 1.0 percent classified base salary adjustment, full longevity bonus payments, and a 3.5 percent unclassified merit pool for the agency as a whole. The Governor does not recommend increased funding for rehabilitation and repair projects and recommends \$3.3 million for capital improvements.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2000 with the following exceptions and comments:

Administrative Services Commission

1. The Budget Committee recommends that 50 percent of the total monies received in FY 1999 and FY 2000 from the Master Settlement Agreement with the tobacco companies be placed in the Family and Children Endowment Account Non-Expendable Trust Fund. The account was established during the 1998 Legislative Session with passage of Senate Bill 495, the comprehensive appropriations bill. Under the Budget Committees recommendation, a proviso also will be placed in the current appropriation's bill which will require the interest earnings remain in the endowment account.
2. The Budget Committee recommends that the SRS Transition Oversight Committee be directed to prepare a plan for the expenditure of the interest or all of the settlement funds in the endowment account; and present the plan to the Legislature at the beginning of the 2000 Legislative Session.
3. With regard to the Kansas Enhanced Statewide Support Enforcement Project (KESSEP) being developed by SRS, the Committee notes that the agency has testified that the federal September 1999 deadline for completion will be accomplished. The system is being developed to meet the federal requirements mandated by the Family Support Act of 1998. The Budget Committee has also received testimony that the internal timetable for completion has been exceeded by the addition of new contract staff at an estimated cost of \$4.6 million. The system is now scheduled to cost a total of \$45.9 million all funds including \$13.3 million from state funds.

Once KESSEP is certified and implemented statewide, it will be necessary to begin work on new federal requirements contained in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. One of the most important elements of the new requirements is the ability to interface with a number of other computer systems including other state agencies, local entities, financial institutions, and national databases. The agency is estimating the additional changes will require \$3.7 million in FY 2000 which is included in the Governor's Budget Recommendations.

Child Support Enforcement

1. The House Budget Committee requests the agency report at Omnibus on the current status of the federally mandated Support Payment Center. The 1996 Welfare Reform legislation requires the state to have a centralized payment center by October 1999. The agency and the Office of Judicial Administration (OJA) are working together to meet the requirement,

2-8

possibly through the RFP process. It should be noted that this may have appropriation potential for both SRS and OJA.

Income Maintenance and Employment Preparation Services Commission

1. The State has again experienced a dramatic decrease in cash assistance caseloads. Caseloads have decreased from \$83.2 million/57,762 clients in FY 1997 to an estimated \$41.0 million/29,348 clients for FY 2000, a decrease of approximately 50.7 percent in dollars and 49.2 percent in client numbers. The Committee notes that even though there have been all funds expenditure decreases, the State cannot capture State General Fund savings due to the required Maintenance of Effort (MOE). The Budget Committee also recognizes that because of the dramatic caseload decreases, the clients **remaining** on the rolls are the most difficult to place in employment and generally have multiple barriers to employment; therefore, the rapid decrease is not expected to continue.
2. Add \$1.0 million from the Temporary Assistance for Needy Families (TANF) fund to provide for a long-term evaluation of at least one primary prevention abstinence program and one teen parent case management program with additional funds to be earmarked for transportation, child care, home visitation, and other intervention strategies which lead to successful, multifaceted reduction programs. A subcommittee of the STOP Task Force will select the ongoing reduction programs to receive enhanced funding and long-term evaluation. The Kansas Department of Health and Environment will administer the grant funds to the communities operating the selected teen pregnancy reduction programs and would contract for the long-term evaluation.
3. Add \$75,000 all funds, including \$20,813 from the SRS Fee Fund to provide for staff professional development training. As caseloads increasingly include the most difficult to place in employment, case managers need different skills to assist families to achieve long-term self-sufficiency. Enhanced skills required of case managers include counseling, family development, sensitivity to substance abuse and domestic violence and how to seek help, and use of more diagnostic tools. In addition, enhanced skills will be required of case managers in post-employment monitoring, mentoring, counseling, and other service delivery strategies as job retention becomes a priority after employment is achieved.
4. The Budget Committee received information that the federal funding for Food Stamp Administration has been reduced and the effect will be immediate. The State will be required to provide for an additional \$1.6 million of state funds between FY 1999 and FY 2000. The agency is confident that the change can be handled within existing resources. However, in the future monies will have to be appropriated to meet the increased State requirement for administration costs.
5. The Budget Committee requests that the SRS Consumer Panel review the agency's updated welfare reform plan. Further, the agency is requested to present the updated state's welfare reform plan to the SRS Oversight Committee prior to the 2000 Legislative Session.

Adult and Medical Services Division

1. The Committee requests the agency to prepare a plan for the Home and Community Based Services (HCBS) Waiver for the Physically Disabled. The plan is to address how services will be provided, without a waiting list, within the Governor's Budget Recommendation for the program. If the funding is insufficient, the agency is to inform the Governor and the Committee. In addition, the Committee is respectfully requesting a Governor's Budget Amendment to fully fund the program. Therefore, the Committee recommends the HCBS/PD waiver program be reviewed at Omnibus.
2. The Budget Committee notes that community based services have not received inflationary increases at the same pace as the salary base increases received by state employees. The Committee will review the inflationary increases during the Omnibus Session.
3. One barrier to employment for the disabled is medical coverage. Often a disabled individual cannot work and keep their state medical benefits. The agency requested \$260,000 from all funds, including \$104,000 from the State General Fund to provide coverage for approximately 50 working disabled adults. The Committee requests the Governor reexamine the merits of the program enhancement and consider adding it to a Governor's Budget Amendment.
4. The Budget Committee was made aware of a need for increased adult protective services. The additional funding for the program would provide the ability to intervene as quickly as possible, particularly in rural areas of the state, which translates into an increased likelihood of positive outcomes and preservation of the individual remaining in the community. The cost of the additional services is estimated to be \$600,000 from the federal Medical Assistance Fund. Again, the committee is requesting that the Governor reexamine the merits of the program enhancement and consider adding it to his budget with a Governor's Budget Amendment.
5. Add \$10.0 million all funds including 4.0 million from the State General Fund to again address the problem of low Medicaid provider reimbursement rates. Last year, the Legislature added \$4.0 million State General Fund to increase Medicaid provider reimbursement rates for inpatient and outpatient services. The Committee heard testimony that Blue-Advantage+Plus, with 7,929 enrollees in seven counties and HealthNet, with 2,582 enrollees in two counties, did not renew their Medicaid managed care contracts with the State as of January 1999. The only providers remaining are Health Connect, with approximately 59,000 beneficiaries in all counties in Kansas; and Horizons, with approximately 25,000 beneficiaries in 67 counties.
6. The agency informed the Committee that the federal government is giving serious consideration to changing the funding match rates for Medicaid administration. The change if it occurs would be comparable to the Food Stamp administration adjustment. The agency is directed to keep the Committee informed about the federal discussions regarding Medicaid.

Alcohol and Drug Abuse Service Commission

1. The agency is directed to inquire of the Department of Human Resources to assess the availability of Welfare-To-Work funding to be used for alcohol and drug abuse services. The

2-10

Committee was informed that other states were attempting to use these funds in this manner. In addition, the agency is to report back to the Committee prior to the Omnibus Session about their findings.

2. Add \$600,000 of TANF funds for intensified alcohol and drug abuse services for individuals participating in welfare reform programs. The agency has reported that up to 19 percent of KanWork participants have alcohol or other drug abuse problems, based on drug tests of KanWork participants. In addition, alcohol and drug abuse is one of the major barriers of employment with regard to achieving employment status and in maintaining employment. When correct assessment, treatment and follow up is provided substantial improvement in employment status as well as fewer medical problems occur. The funding will provide 15 alcohol and drug specialists in each of the SRS Area Offices. The specialists are to: provide educational services for persons abusing alcohol and drugs; conduct the alcohol and drug screenings, and coordinate with staff throughout the assessment and referral process; make referrals to the appropriate treatment facility; approve continuing care and discharge from treatment requests; and be the point of contact for alcohol and drug education, assessment and treatment issues within the SRS system.

Children and Family Services Commission

1. The Committee believes that additional funding may need to be provided for the foster care contracts; however, until the contract negotiations are completed, the amount will not be known by the agency nor what actual costs were incurred by the contracts.

The Committee also notes that the agency has provided \$24.7 million of additional one-time TANF funding for the transitional children still in the system. The agency also provided \$20.5 million for additional risk-sharing expenditures above the estimated base rate. Both payments occurred during FY 1999. In addition, when the negotiations are completed the Committee respectfully requests the Governor to issue a budget amendment to fully fund this program. Therefore, the Committee recommends the foster care contracts be reviewed prior to Omnibus.

2. The Committee has reviewed the need for additional judicial resources to provide permanency hearings required by the Adoption and Safe Families Act, and to address foster care and juvenile offender issues in general. The consensus of the Committee is to request that the Budget Committee reviewing Judicial Branch also look at this need. As of July 1, 1998, 1,444 children have been identified statewide who had been in foster care for 15 of the most recent 22 months and each one of these children is required to have a permanency hearing. It should also be noted that of the total amount, 293 or 20.3 percent, were located in Sedgwick County. In addition, the Budget Committee recommends that all of the identified new positions be dedicated solely to juvenile cases. The Judiciary Budget Committee is asked to also explore the possibility of making available a block of funding to be used for whatever resources would help to expedite foster care cases through the judicial system, such as additional funding for county or district attorneys or contractual attorney services; legal representation for parents; funding for guardians ad litem; and other services to supplement those now available in foster care cases. The Judicial Branch Budget Committee may also wish to review the "Additional Comments on Kansas Judiciary Recommendations on Foster Care Issues", available at the Office of Judicial Administration.

Finally, the Committee requests that SRS consider continuation of the funding for the temporary judge position in Sedgwick County for one additional year. Also, requests that Juvenile Justice Authority also provide funding for a temporary judge position as their caseload has contributed to the problems as well as the foster care and adoption cases.

3. Adds \$250,000 from the State General Fund for additional training for new foster families and to maintain the existing families in the system. Foster families are experiencing a high turnover rate. A large part of the reason for the turnover is that so many of these families are adopting the children in their care. This is a positive outcome for the adopted children, but does put a strain on the remaining and new children coming into the system when foster families are not available. Many children currently are being placed in residential care instead of family care.
4. The Budget Committee wishes to thank the agency for their time and patience in answering the many questions and concerns the Committee as a whole has expressed. In addition, the Commissioners have been very agreeable to personally meet with individual Representatives to listen and discuss possible alternative solutions to several of the problems facing the agency.
5. The Budget Committee wishes to acknowledge the agency's successful privatization of the family preservation contract. Increased reliance on the contract has kept several children out of the foster care program. In addition, the preservation contract can report that six months after a family has completed the intensive services mandated that 96.0 percent of the families are still intact.
6. Technical corrections are made to the bill to reflect the Governor's intent.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation with the following exception:

1. The Committee adds a proviso to the appropriation bill which will require that all state agencies identify in their FY 2001 budget submission all funding requested from the State General Fund for any and all substance abuse treatment, prevention, education programs or administration of such programs be reported to the Alcohol and Drug Abuse Services (ADAS) Commission in the Department of Social and Rehabilitations September 15 each year. In addition, copies of the report are to be submitted to the Division of the Budget and the Legislative Research Department.

House Recommendation

The full House has not yet considered this agency's budget.

2-12

Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services
(excluding MH & DD Services)

Bill No. 2519

Bill Sec. 55

Analyst: Sparks

Analysis Pg. No. 711

Budget Page No. 393

<u>Expenditure Summary</u>	<u>Agency Req. FY 00</u>	<u>Gov. Rec. FY 00</u>	<u>Senate Subcommittee Adjustments</u>
State Operations	\$ 280,610,492	\$ 273,738,234	\$ (5,746,220) *
Local Aid	24,356,605	21,606,605	0
Other Assistance	861,419,846	884,714,423	8,600,000
Subtotal - Operating	<u>\$ 1,166,386,943</u>	<u>\$ 1,180,059,262</u>	<u>\$ 2,853,780</u>
Capital Improvements	6,151,180	3,264,605	0
TOTAL	<u>\$ 1,172,538,123</u>	<u>\$ 1,183,323,867</u>	<u>\$ 2,853,780</u>
State General Fund	\$ 391,330,026	\$ 398,021,510	\$ 3,559,292
Other Funds	775,056,917	782,037,752	(705,512)
Subtotal - Operating	<u>\$ 1,166,386,943</u>	<u>\$ 1,180,059,262</u>	<u>\$ 2,853,780</u>
State institutions Building Fund	6,151,180	3,264,605	0
TOTAL	<u>\$ 1,172,538,123</u>	<u>\$ 1,183,323,867</u>	<u>\$ 2,853,780</u>
FTE Positions	4,111.5	4,105.5	0.0
Unclassified Temp. Positions	94.0	94.0	0.0
TOTAL	<u>4,205.5</u>	<u>4,199.5</u>	<u>0.0</u>

* Excluding the deletion of the Governor's recommended employee pay plan, the Subcommittee's recommendation is an increase of 9,200,000 all funds including \$5,915,000 from the State General Fund.

Senate's Subcommittee Recommendation

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

1. Staff is directed to make technical corrections to the bill to reflect the Governor's intent.
2. Delete a total of \$6,346,220, including \$2,355,708 from the State General Fund, based on the recommendation to delete funding for a 3.5 percent unclassified merit

2-13

pool (\$192,085), classified step movement (\$3,180,316), a 1.0 percent classified base salary adjustment (\$1,296,869), and longevity bonus payments (\$1,676,950).

3. The Subcommittee notes that the federal government is considering action that would have financial impact on the State of Kansas. Specifically, Congress is considering modifying the match rates for Medicaid Administration and Medicaid benefits and eliminating the Low-Income Home Energy Assistance Program. The proposed changes have a potential cost to the State of \$9.5 million without the Medicaid benefit change. A one percent change in the Medicaid match rate would require an additional \$11.82 million in state funds.
4. The Subcommittee also notes the federal government has taken action with financial impact on the State in the form of increasing the match rate paid by the State for Food Stamp Administration (\$1.6 million); and decreasing the transfer to the Social Services Block Grant from Temporary Assistance to Needy Families (\$6,450,000). During the first week of March the U.S. Senate Budget Committee reduced the Temporary Assistance to Needy Families federal budget by \$350.0 million, which results in a reduction of \$2.2 million in the current year for Kansas if enacted by the full Congress.
5. The Subcommittee requests the agency report at Omnibus on the current status of the Kansas Enhanced Statewide Support Enforcement Project (KESSEP) and the Support Payment Center. The 1996 Welfare Reform legislation requires the State to have a centralized payment center by October 1999. The agency and the Office of Judicial Administration (OJA) are working together to meet the requirement, possibly through the RFP process. It should be noted that this may have appropriation impact on both SRS and OJA.
6. Prior to the Omnibus Session, the Subcommittee requests the agency provide a "cost neutral" plan to continue providing medical cards to disabled adults with a sliding fee schedule based on income.
7. The Subcommittee notes that the escalating cost of medication has had significant impact on the FY 2000 regular medical assistance budget which is recommended at \$578,227,039 (all funds). Testimony was presented that generic drugs have increased an average of 30 percent during the last fiscal year, with some generic drugs increasing 200 percent. According to the national press, Mylan, a generic drug company, has increased individual drug price by 2,600 percent in some cases. The company has been accused of purchasing all of the raw materials to produce the drug, in order to increase the price. Pharmacy currently accounts for approximately 25 percent of the regular medical budget.
8. Testimony was presented about the need for additional child care in order for the "working poor" to attend skill-specific training classes. The ability to improve skills is one of the ways for individuals to improve their financial standard of living and remain self-sufficient. One of the barriers to training is child care and the Committee notes that the Governor's budget recommendations provide for \$553,148 of TANF funds for this purpose in FY 2000.
9. A Subcommittee has been appointed to draft a scope statement for a proposed study to determine why individuals who have left the welfare roles are no longer using

2-12

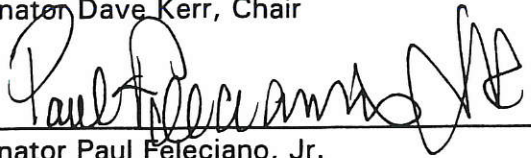
Food Stamps. The draft statement is to be completed prior to the Omnibus Session. After review by the Committee, consideration of funding the study and expectations will be determined.

10. Add \$600,000 from the Federal Medical Assistance Fund to provide for increased Adult Protective Services to prevent adult abuse, neglect, and exploitation and to increase the agency's ability to respond to referrals in a timely manner. The funding is to be used primarily in rural areas, to increase the turnaround of investigations. The agency has indicated that the ability to intervene as quickly as possible means an increased likelihood of positive outcome and probability of the individual remaining in the community.
11. The agency is directed, prior to Omnibus, to prepare a report of the providers, users, and outcomes of the Employment Preparation Services for Temporary Assistance for Families Program. The Subcommittee wishes to understand what types of job and skill training is currently being offered to the agency's clients as well as what has been the individual success rate.
12. Adds \$8,600,000 million all funds, including \$5,915,000 from the State General Fund to the Children and Family Services Commission. The funding is for foster care contracts (\$5.0 million); adoption contracts (\$1.3 million) and provide adoption support for families (\$2.3 million). The Secretary presented testimony that the real need within these areas is \$10.1 million; however, the agency is prepared to find within existing resources \$1.5 million to fully fund the expected caseloads for the year. In addition, the Committee was given assurances by the Secretary and the Commissioner that this level of additional funding will not be required again in future years for these programs.
13. Adds a proviso to the foster care funding which will allow any savings due to caseload reductions be spent on the permanent guardianship program up to \$2.8 million.
14. The Subcommittee heard testimony from several subcontracts of the foster care program which explained their financial conditions and the problems that they are facing. The Subcommittee requests that the foster care contractors, Kaw Valley, Kansas Children Service League, and Youthville, be aware of the financial constraints of their subcontractors when making future service purchasing decisions.
15. The Subcommittee supports the concept and the practice of permanency for children. The Subcommittee finds that legal delays in child in need of care cases are unacceptable and recommends that courts develop a process to expedite permanency for children who are awaiting finalization of adoption or appointment of a permanent guardian or return to their own home under a plan of reintegration if such delays are a result of legal documents such as journal entries not being completed and filed in a timely manner.

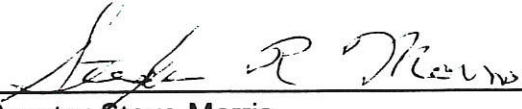
The Subcommittee also recommends that district attorneys and county attorneys who are responsible for filing petitions for termination of parental rights and for preparation of journal entries and other legal documents that are necessary for a child to obtain permanency, shall develop a process to expedite all such written



Senator Dave Kerr, Chair



Senator Paul Feleciano, Jr.



Senator Steve Morris



Senator Marge Petty



Senator Alicia Salisbury