

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:00 a.m. on January 30, 2001, in Room 514-S of the Capitol.

All members were present except: Representative Phil Kline
Representative Bob Bethell
Representative Jeff Peterson
Representative Larry Campbell

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Amy Kramer, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Secretary Janet Schalansky, SRS
Laura Howard, SRS

Others attending: See Attached

Secretary Schalansky presented an overview of the department which included the introduction of her two Deputy Secretaries: Diane Duffy and Candy Shively; two Assistant Secretaries: Joyce Allegrucci and Laura Howard; Executive Director of Human Resources, George Vega; and General Counsel John Badger. Included in her testimony were graphs showing expenditures of their \$1.8 billion budget which includes 59.3% in federal funds (Attachment 1). Full Time Equivalent SRS employees have dropped in the past few years from nearly 11,000 to 6,398 partially due to the closing of several state institutions, shifting of programs from one agency to another, privatization of certain programs, and natural attrition. The on-going problem of hiring and training staff at entry-level salaries for example the hospital workers at the Larned State Hospital and their leaving for higher paying positions was discussed. The similarity in duties as well as the dangers of working with the patients at Larned and the inmates at Lansing was addressed as well as the differential in starting salaries—nearly \$3 per hour. There has been discussion on reclassifying positions in which employees work in dangerous situations. The Governor has proposed entry-level state employees to move to Step IV in an attempt to address this issue. The need for geographic pay differentials continues to cause significant problems within the agency.

Secretary Schalansky explained that a waiver can be granted by the federal government if the state can demonstrate that effective community programs can be developed instead of following the federal mandates. The Head Injury Waiver Program was a specialty waiver for 100 individuals with head injuries to live in the community rather than remain hospitalized. The amount of \$5 million is needed to serve all those still waiting for community-based services. Laura Howard explained that this would really be a rehabilitation waiver as persons would be allowed to stay on the plan for up to four years in an effort for the patients to achieve their highest level of capability. The Secretary was asked to provide the Committee with the cost of waiver-eligible head injury patients staying in long-term care versus that of being placed in community-based programs immediately. Leaving the patients in long-term care makes the rehabilitation much more difficult due the length of time spent in inactivity after the injury.

Before the Childrens Health Insurance Plan (CHIP) which is also known as HealthWave can be extended to the families of eligible children and pregnant women, the state is required to demonstrate that they have served the bulk of eligible children in the state. In the blending of Medicaid and HealthWave for children, \$300,000 will be required to eliminate the waiting period of six months. The policy group which is studying the plan for determining the feasibility of small employers joining the state health plan is still meeting.

The problem of the low reimbursement rate for dental care (78%) was discussed. Many dentists can no longer afford to participate in the Medicaid plan. The Governor's budget contains an enhancement of \$1.7 million, but it is unknown how this would impact the percentage of Medicaid reimbursement.

CONTINUATION SHEET

Secretary Schalansky gave an update on the reported problems with the Kansas Payment Center and their disbursement of child support payments (Attachment 2). The Federal Welfare Reform Act of 1996 mandated that all states set up centralized child support centers by October 2000. The Kansas Payment Center began accepting support payments September 29, 2000, taking over this project from the district court clerks in all 105 Kansas counties. Kansas could have been fined up to \$38 million for not complying with this federal regulation as well as losing grant funds. Tier Technologies of California was granted the three-year \$17.5 million renewable contract for running the Center. Secretary Schalansky discussed the start-up problems and the responsive actions the service provider, Tier, has taken. Tier has same-day processing for those entries which are considered clean and can be processed through the system without "editing." There can be a day or so delay when entries must be personally handled because they do not have the correct court information, the wrong amount of money sent, the check has been incorrectly identified, the check is to be disbursed among several different sets of children, etc. The money is sent to the Kansas Payment Center in Topeka, deposited in a local bank and recorded, and then electronically wired to St. Louis where the checks are cut and mailed. All this happens within a very short period if the deposits are correctly identified and meet the criteria for processing. Thus far Tier has been fined \$144,000 by SRS for failing to meet designated standards but these problems have been alleviated. Tier is allowed to keep any interest made on the support money and thus far it has offset the bank charges. The child support payments handled under this system are those that the Court has declared must be paid through the court system or have been in arrears with SRS recipients. This does not impact those parties who pay child support directly to the guardian of the children.

SRS was asked by the Committee to furnish percentage fees the individual district courts charge for handling child support, what the total fees have been in the past for disbursing the child support payment, and what penalties were involved.

The meeting was adjourned at 9:45 a.m. The next meeting will be held on Wednesday, January 31, 2001.

House Appropriations Committee

Agency Overview

HOUSE APPROPRIATIONS

DATE 1/30/01

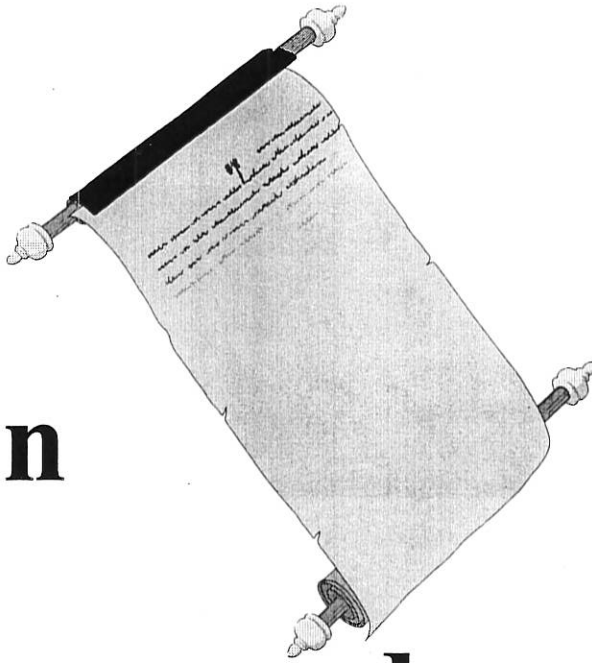
ATTACHMENT 1

Janet Schalansky, Secretary

January 30, 2001

Kansas Department of Social and Rehabilitation Services

1-2

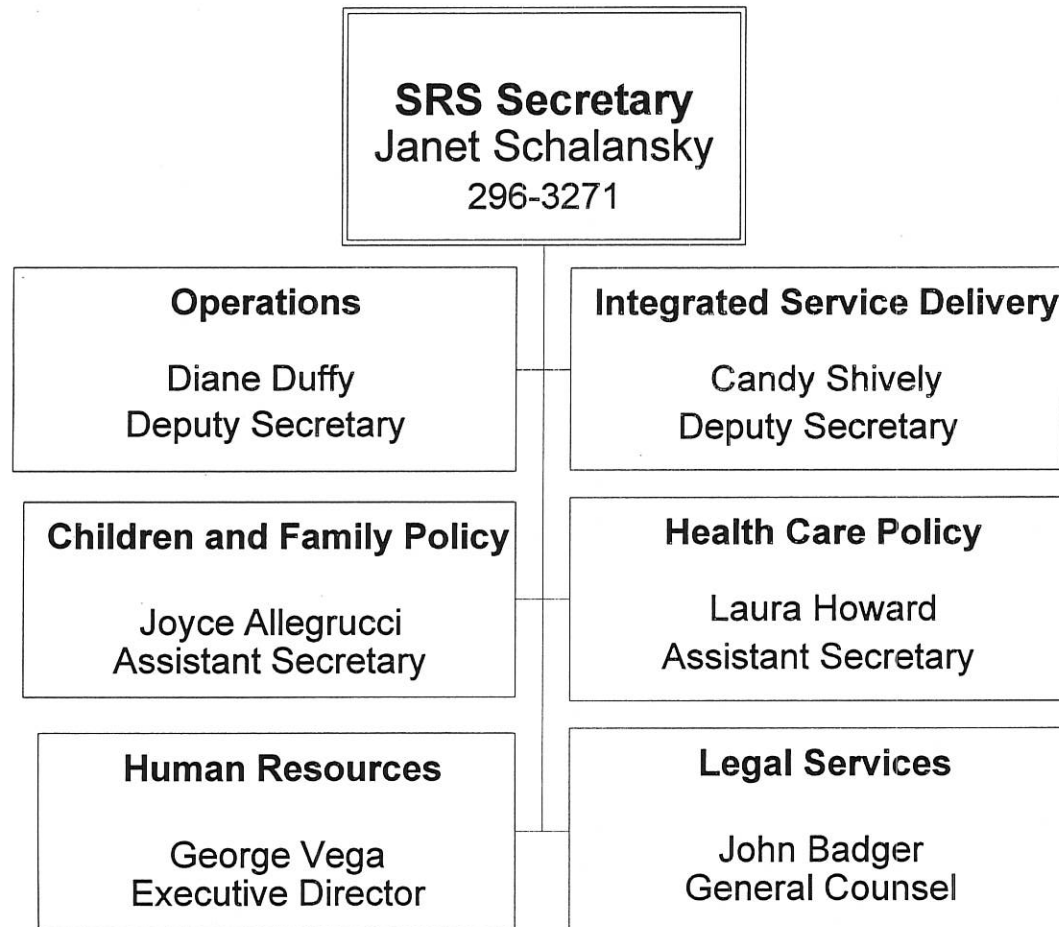


SRS Mission

**To Protect Children and
Promote Adult Self-Sufficiency**

1-3
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Department of Social and Rehabilitation Services



■ Who is SRS?

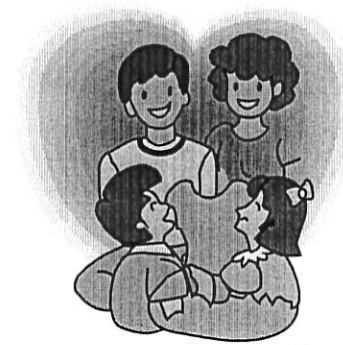
- ▶ Agency of people
- ▶ Agency of learners
- ▶ Agency of evolving roles

■ What is SRS?

- ▶ A leader in human services
- ▶ A major purchaser of social and medical services

■ Where Are We Headed?

- ▶ To be a resource, not a last resort
- ▶ To be anti-bureaucratic and flexible
- ▶ To be a change agent in community systems and peoples' lives
- ▶ To be a positive and innovative employer

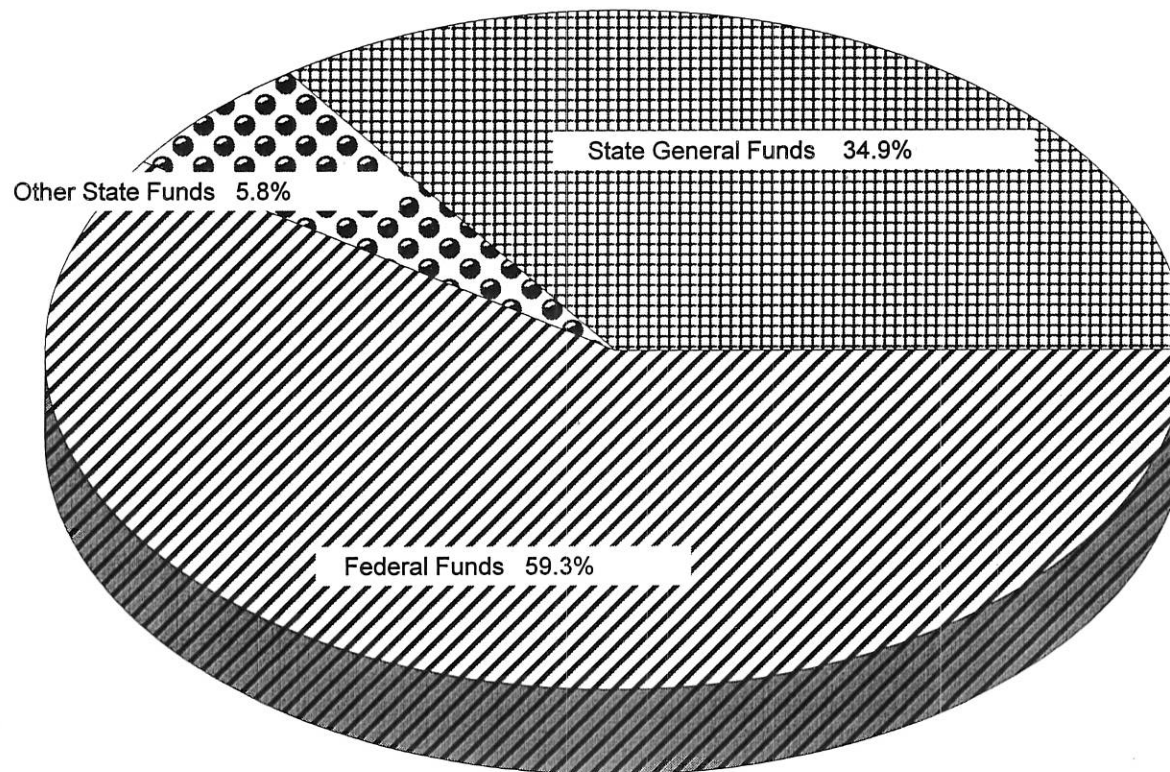


Faces of the Kansas Department of Social and Rehabilitation Services

SRS Expenditures by Revenue Source

1-6

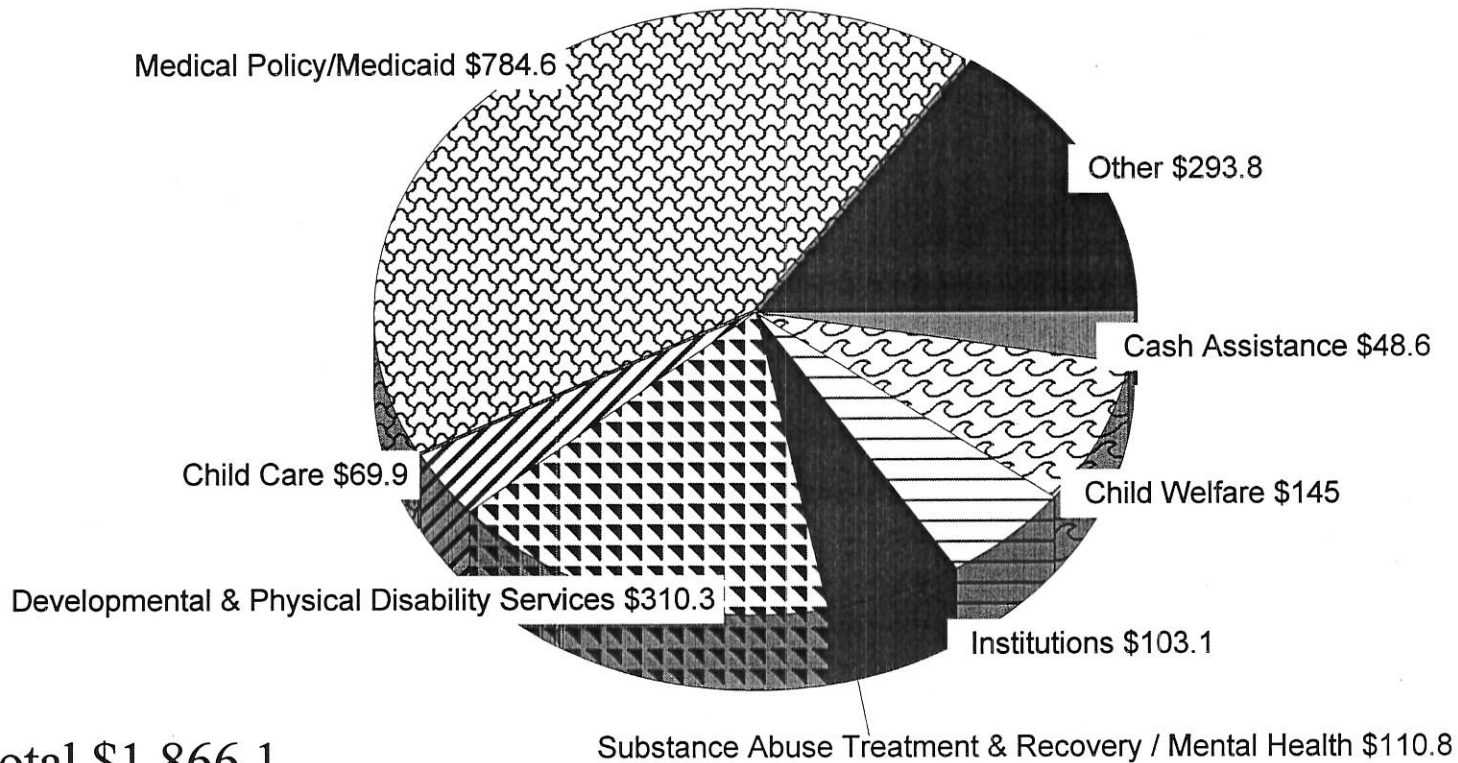
FY 2002 Budget (GBR)



Total \$1866.1 (in millions)
Totals may not add due to rounding

SRS Expenditures by Service

FY 2002 Budget (GBR)
In millions



Total \$1,866.1

Totals may not add due to rounding

Summary of Assistance and Expenditures

8-1

	FY 2000 Actual Number Served	FY 2000 Actual Expenditures
Kansans Receiving Cash Assistance		
Temporary Assistance for Families (TAF)	30,692	\$42.7
General Assistance	2,220	\$4.2
Refugee Assistance	17	\$0.3
Kansans Receiving Medical Assistance		
Title XIX Health Services	188,394	\$608.1
- Inpatient Hospital	4,494	\$148.9
- Outpatient Hospital	20,133	\$18.2
- Pharmacy	70,265	\$169
- Physician Services	54,078	\$57.2
- All Other Categories	39,424	\$214.8
Title XXI HealthWave	14,792	\$24.5
Mental Health Services	42,130	\$68.4
State Mental Health Hospitals	479	\$57.7
Substance Abuse Treatment and Recovery	1,083	\$14.7
Developmental Disability Services	5,477	\$216
Developmental Disability Hospitals	379	\$46.2
Other Community Based Services	3,320	\$57.3
Kansans Receiving Other Services		
Food Stamps	110,619	\$81.4
Foster Care	5,488	\$84.4
Adoption/ Alternative Permanencies	1,395	\$21.9
Child Care	14,524	\$44.2
Work Programs	7,929	\$7.0
Low Income Energy Assistance	26,143	\$9.3
Rehabilitation Services	7,718	\$22.9

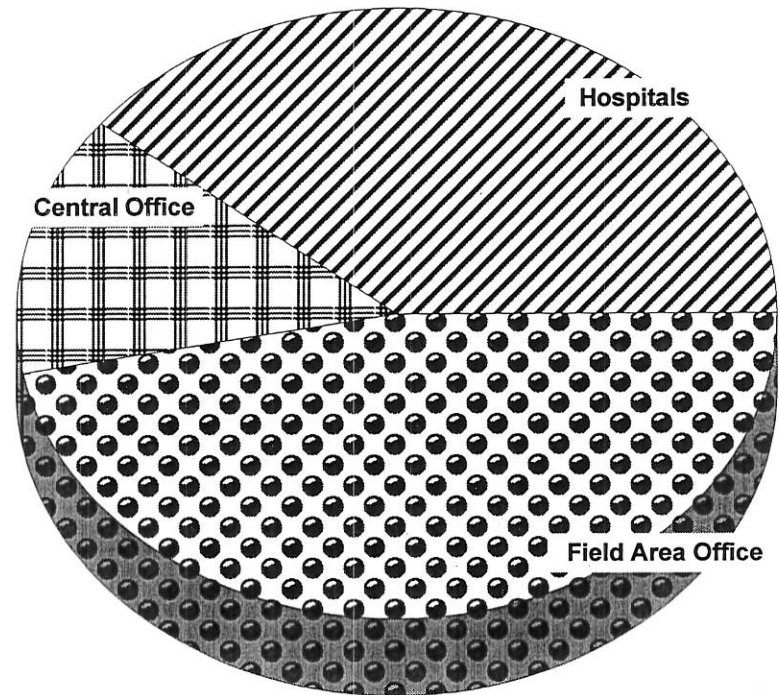
(Not an all inclusive list of services)

(Millions)

SRS Full Time Employee Count

6-1

Central Office	FTE 2002	875.8
Field Office		3,002.7
Hospitals		2520.1
Kansas Neurological Institute		655.5
Larned State Hospital		741.8
Osawatomie State Hospital		477.4
Parsons State Hospital & TC		513
Rainbow Mental Health Facility		132.4
Total		6,398.6



1-10

Highlights for FY 2002

Key Policy Initiatives



- Implementing Mental Health Initiative 2000
- Blending Medicaid and HealthWave: Creating a single health plan for low-income Kansans
- Eliminating the Waiting Period for HealthWave
- Expanding Coverage for Women Diagnosed with Breast or Cervical Cancer
- Increasing Community Access for Persons in Nursing Facilities for Mental Health (NF-MH)

- If under 65 do not receive federal m...



Highlights for FY 2002

Key Budget Investments

- Access to Child Care Subsidy Program
- Access to Dental Care for Children
- Access to Community-Based Services for Persons with Developmental Disabilities *Work with Inter-Hab*
- Access Community-Based Services for Persons with Physical Disabilities *Work w Inter-Hab*
- Planning for Facility Needs of the Sexual Predator Treatment Program and State Security Hospital *place in old hospital - Planning Money - Larned*
- Support for Consensus Caseload Estimates (Financial Assistance, Foster Care, Adoption, Medicaid)

Emerging Issues

- Human Services Workforce Issues
- Changing Role of Medicaid
- Continued Welfare Reform Efforts
- Impact of Tax and Economic Policies for Low-Income Kansans
- Federal Reauthorization of Programs

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary



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Senate Judiciary Committee and House Judiciary Committee
January 22, 2001, 3:30 p.m.

Kansas Payment Center (KPC)

Department of Social and Rehabilitation Services
Janet Schalansky, Secretary
(785) 296-3271

HOUSE APPROPRIATIONS

DATE 1/30/01
ATTACHMENT 2

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Judiciary Committee and House Judiciary Committee
January 22, 2001, 3:30 p.m.

Kansas Payment Center (KPC)

Mr. Chairmen and members of the committees, thank you for this opportunity to give you an update concerning the Kansas Payment Center (KPC).

- The Kansas Payment Center (KPC) the state's new federally mandated, centralized child support payment facility, is up and running as of September 29, 2000. Central processing of child support payments was a key element of federal welfare reform, enacted in 1996. The requirement to set up a central payment center covers not only payments in all cases administered by the Kansas Department of Social and Rehabilitation Services (SRS), but also child support payments in most other Kansas cases. It is estimated that the KPC will handle 1.9 million transactions annually valued at \$350 million.
- The KPC was established after two years of intensive coordination between SRS and the Office of Judicial Administration (OJA) with input from Clerks of Court and the business community. Tier Technologies, Inc., was selected to develop and operate the Kansas Payment Center and has worked with SRS and OJA during the past year to develop the system.
- As with any undertaking of this magnitude there have been problems that needed to be addressed and resolved. The KPC has made significant progress in the arenas of timely processing of payments and responsiveness by customer service staff. SRS, OJA, and Tier are committed to pursuing continuous quality improvement at the KPC.
- To ensure that our positive trend towards improved KPC services continues, SRS, OJA, and Tier managers participate in frequent conference calls and meetings to discuss customer needs, problem resolution, and operational issues. Tier has responded to SRS and OJA requests for corrective action by involving their top managers in Kansas; by committing to the hiring of more permanent staff; and by providing more staff training.
- Additionally, our future focus will address the length of time a payment is in unidentified status, outreach to employers and parents concerning the benefits of EFT and direct deposit, and correction of payment histories to reflect case adjustments. We are confident that by continuing to pool resources and partner with the OJA, the courts, and Tier Technologies, centralized payment processing will become a positive and beneficial service for both employers and parents.

- I would like to go back and review what has been done and where we are today. More than 200,000 redirect notices were sent to employers, recipients, and payors on or about September 15th. In essence, this notice changed the location where payments are to be sent from the 107 Clerks of Courts to the Kansas Payment Center. The authority for this change was included in a legislative *proviso* during the 2000 Legislative Session.
- Start-up problems impacted the KPC's ability to initially process and disburse payments in a timely manner (48 hours). These issues included such things as, payments received by the KPC were difficult to identify and process because they lacked the necessary information (county in which the case was filed and court number); employers / payors continuing to send payments to the Court Trustee's Office or SRS rather than directly to the KPC; and data conversion errors.
- In response to the start-up problems the following actions were taken in October:
 - Tier brought in experts from other states on a temporary basis;
 - SRS and OJA loaned staff to the KPC;
 - Tier added additional permanent staff;
 - SRS and Tier provided emergency support payments in urgent cases;
 - Tier added phone lines;
 - Tier extended customer service hours;
 - SRS and OJA requested the media to assist with getting the information out.
- During the first three months of operation, October through December, 476,205 transactions were received by the KPC representing \$66.5 million. Same day processing has been occurring since October 14th. However, some checks go into "unidentified" for a variety of reasons, such as incomplete information, and are not processed on the same day.
- Progress and improvement continued to be made in payment center operations over the course of the last two months. The KPC's automation continues to function as designed. Tier has hired additional full and part-time staff for the KPC; the percent of payments going into unidentified status (resulting in distribution delays) continues to decrease; and the average "wait time" when customers call the KPC has been significantly reduced.
- Overall, the volume of complaint calls made to the KPC, the Office of Judicial Administration (OJA), the Department of Social and Rehabilitation Services (SRS) and other public officials, has decreased as more effective services are provided. SRS continues to receive a steady but manageable number of calls from concerned customers but, due to the decrease in volume of calls, more time is available to assist the caller and resolve problems that may be impacting their case.

- Mr. Jim Weaver, President, Government Operations, Tier Technologies, Inc. will be describing for you what actions are planned to further improve operations. However, I'll now describe for you some of the actions taken to date.
- Since beginning operations on September 29, 2000, Tier has increased staffing at the KPC from 45 to 80 to meet communication and processing needs. Currently, 18 customer service staff are available to receive phone calls. In addition to talking personally with a customer service representative, customers have the option of obtaining payment information from an automated voice response system or from a KPC web site. The number of incoming phone lines to the KPC has been increased from 50 to 72 to accommodate callers who wish to obtain automated or personal information.
- The amount of time the average caller waits to reach a customer service representative has been reduced from over 40 minutes to a frequent daily average of less than 5 minutes. Improvements are continuing to be made as a result of increased staff, more phone lines, and a reduction in the number of problem cases which prompt phone calls. Our goal is to keep the average wait time below two minutes.
- The KPC has worked very hard to reduce the percentage of payments entering unidentified status. The total number of receipts going into unidentified status has steadily decreased from 10% to 2% daily. The 2,225 payments in the unidentified category on January 3rd, which belong to families, represented \$438,473.
- As with any accounts receivable system, certain payments will always be unidentifiable. Although the daily percent of unidentified payments varies, the current rate is between 2% and 3%. Anecdotal information from several other states indicates that a 5% rate is fairly common. The primary focus of the KPC, SRS, and OJA has been to resolve questions so that payments can be disbursed as timely as possible.
- In addition the Director of SRS Information Technology Services, and several of his staff have coordinated efforts with OJA and Tier to meet frequently with court trustees and other court personnel to discuss operational issues and ways to improve the informational flow between the courts and the KPC. These meetings have been held in Johnson County and Douglas County.
- There are several benefits to this system. Employers benefit by being allowed to send withheld support for multiple employees in one check to one location, and by having the ability to use electronic transfer of funds for all employees in a single transaction. It is estimated that Kansas employers will save approximately \$3 million per year because of reduced postage and administrative expenses. Custodial parents and parents paying child support will benefit from having 24-hour access to the web site and toll-free automated

attendant voice response system, and those who elect to use direct deposit will receive disbursements more quickly than by mail.

- The KPC toll free number is 1-877-572-5722. The web site is located at: www.kspaycenter.com.
- Attached for your information is a detailed staff memo regarding the KPC.