

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Vice-Chairperson Clark Schultz at 9:05 a.m. on January 29, 2003, in Room 514-S of the Capitol.

All members were present except: Representative Neufeld, Chair - Excused
Representative Tom Klein - Excused

Committee staff present: Becky Krahl, Legislative Research Department
Amy Deckard, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Sue Fowler, Committee Secretary

Conferees appearing before the committee: Janet Schalansky, Secretary, Department of Social
Rehabilitation Services
Janis DeBoer, Acting Secretary, Department on Aging

Others attending: See Attached

Representative Bethell moved for the introduction of legislation regarding the elimination of the \$15,000 earning cap on retired KPERS employees. This would allow retirees to work in their home school districts. This would also apply to agencies with speciality areas like engineers with the Department of Transportation. Motion was seconded by Representative Merrick. Motion carried.

Representative Nichols moved for the introduction of legislation regarding the reclassification of employees under current law. Motion was seconded by Representative Gatewood. Motion carried.

Representative Nichols moved for the introduction of legislation concerning Kansas Police and Firemen retirement system (KP&F) and the qualifications required for participation in KP&F. Motion was seconded by Representative Shriver. Motion carried.

Representative Landwehr moved for the introduction of legislation from the Joint Committee on Children's Issues that pertains to foster care. Motion was seconded by Representative Osborne. Motion carried.

Janet Schalansky, Secretary, Department of Social Rehabilitation Services, presented an overview of the Department of Social Rehabilitation Services (Attachment 1). Secretary Schalansky introduced the SRS Leadership Team present from Department of Social and Rehabilitation Services. She stated that significant reductions have been made in Administrative Services. The Secretary reminded the Committee that only seven percent of the total budget of SRS is for welfare or cash assistance (three percent) and foster care constitutes only four percent.

The following legislative proposals will be presented by SRS this year:

- Kansas Payment Center sunset measure
- Child support enforcement requirement that social security numbers be on Kansas driver's license applications
- Repeal of the \$40 Pass-through of Child Support

SRS is working on the redesign of the delivery of field services. A reduction figure for the August allotment would include the closing of 22 offices before July, 2003, with more offices to close in FY 2004. They are looking at locations where most clients (higher caseloads) live and determine where offices and staff need to be to be more accessible.

Secretary Schalansky explained that Schedules 1 and 2 which are part of the attachment, are outlined in a way to assist legislators when determining which proposals were in FY 2003 and whether they will remain in the FY 2004 budget.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on January 29, 2003, in Room 514-S of the Capitol

Secretary Schalansky introduced Laura Howard, Deputy Secretary, SRS - Healthcare Policy, who gave a brief synopsis of the presentation by Dr. Donald N. Muse, Muse and Associates, to Senate Ways and Means Committee regarding Medicaid data in the state of Kansas on January 28, 2003. Kansas Medicaid contracted with Dr. Muse in 2000 and early 2001 to complete an overview of Medicaid expenditures and identify areas needing further evaluation for potential cost savings. These include:

- Asthma review and educational initiative
- Outliers identified with higher proportional home health costs
- Analysis of frequent utilizers of inpatient and emergency room care was conducted
- Completed a detailed review of psychotropic drug utilization in the nursing home population and identified outlier nursing homes.

Janis DeBoer, Acting Secretary, Department on Aging presented an overview on the Department on Aging (Attachment 2).

Vice-Chairman Clark Schultz announced the referral of **HB 2051** and **HB 2067** to Social Services Budget; and **HB 2053** to Tax, Transportation, Judicial, and Retirement Budget..

The meeting was adjourned at 10:55 a.m. The next meeting is scheduled for Thursday, January 30, 2003.



Melvin Neufeld, Chair

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary



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House Appropriations Committee 514-S
January 29, 2003

SRS Overview

Office of the Secretary
Janet Schalansky, Secretary
(785) 296-3271

HOUSE APPROPRIATIONS *of*

DATE 1-29-03

ATTACHMENT 1

Kansas Department of Social and Rehabilitation Services



Agency Overview
For
House Appropriations Committee

Janet Schalansky, Secretary
January 29, 2003
9:00 a.m.
Room 514-S

SRS Mission and Vision



Mission: To Protect Children and
Promote Adult Self-Sufficiency

Vision: Partnering to connect Kansans
with supports and services to improve
lives

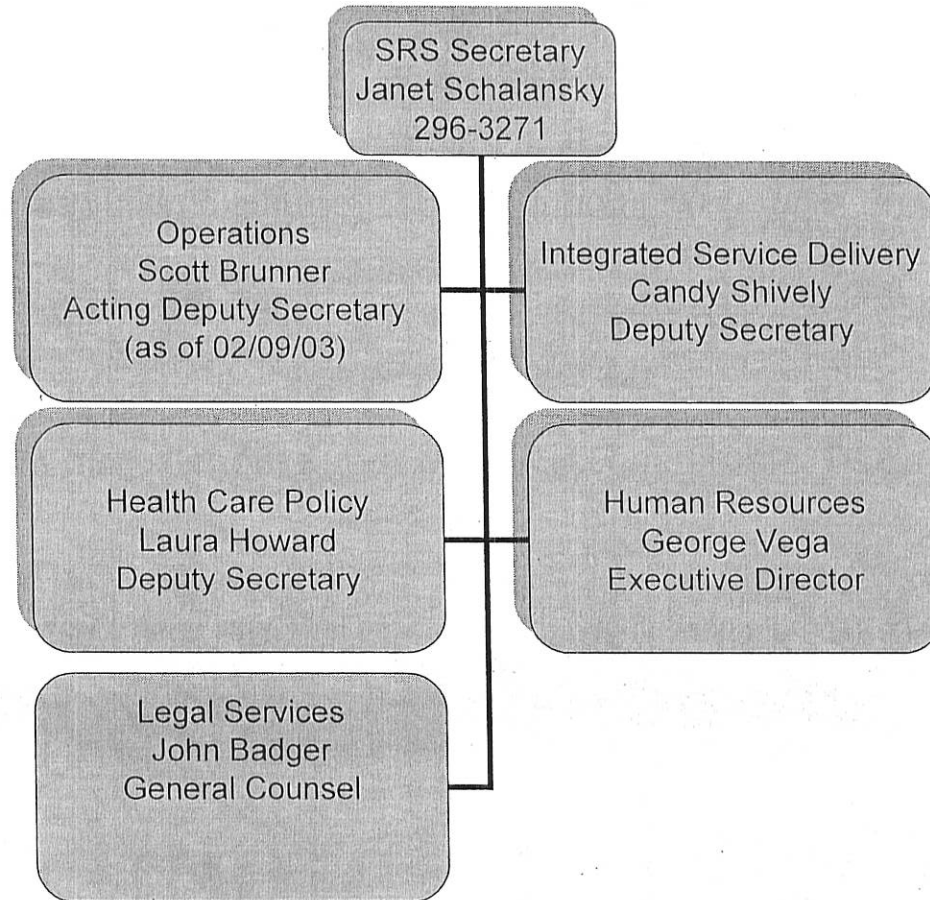
SRS Guiding Principles

1-4

All of us, every day, working on behalf of and with Kansans are guided by these principles:

- Act with integrity and respect in our work with customers, partners, and each other.
- Champion customer success
- Demonstrate leadership without regard to position or title; embrace responsibility, take risks, make decisions and act to overcome challenges
- Strive for continuous improvement
- Demonstrate passion for our mission
- Recognize the value of partnerships both within the agency and with community partners to stretch capacity and achieve extraordinary results

Kansas Department Of Social And Rehabilitation Services



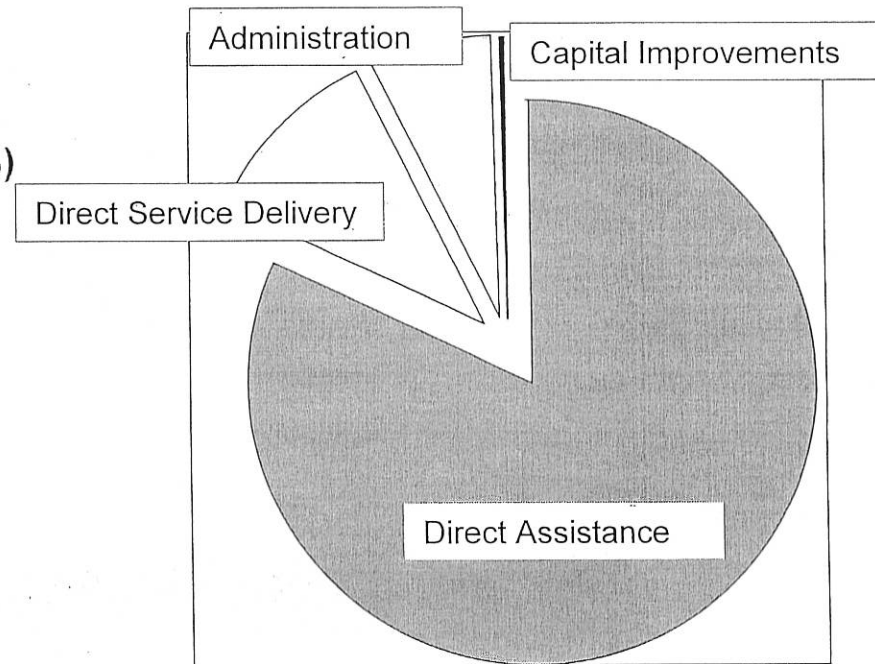
SRS Expenditures by Category

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FY 2004 Budget – Governor’s Budget Recommendation (in Millions)

Direct Service Delivery	\$238.1 (10.6%)
Administration	\$157.4 (7.0%)
Capital Improvements	\$7.9 (.35%)
Direct Assistance	\$1,851.9 (82.1%)

Cash Assistance	\$67.1
Child Care & Employment	\$73.2
<i>not here yet</i> Medical Assistance	\$1,098.1
Substance Abuse	\$20.4
Mental Health	\$71.2
Developmental & Physical	
Disability	\$302.0
Children & Family	\$184.0
Rehabilitation Services	\$22.1
Other	\$13.8



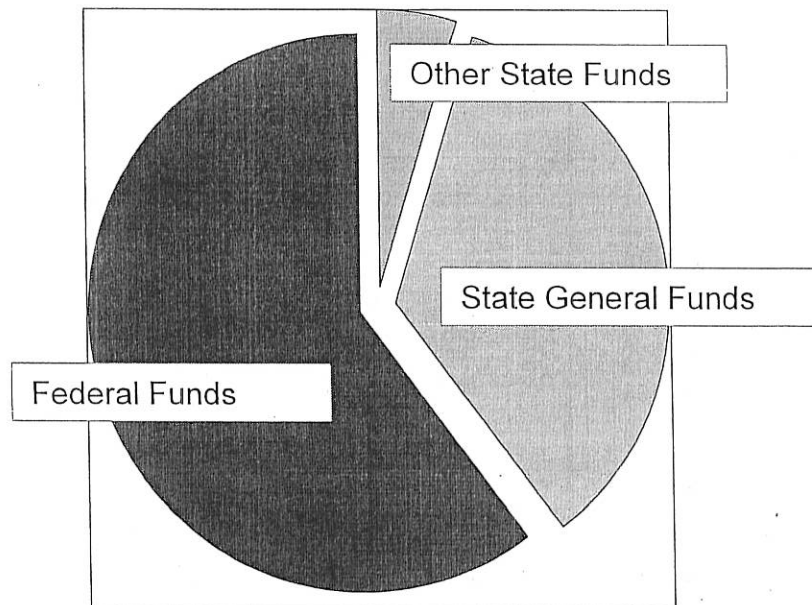
Total \$2,255.3

Totals may not add due to rounding

*See table of expenditures
for more details*

SRS Expenditures by Revenue Source

FY 2004 Budget – Governor’s Budget Recommendation (In millions)



Total \$2,255.3
(Totals may not add due to rounding)

State General Funds	\$793.3 (35.2%)
Federal Funds	\$1,357.6 (60.2%)
Other State Funds	\$104.3 (4.6%)
Fee Funds	\$61.6
Children’s Initiative Fund (tobacco)	\$27.1
Intergovernmental Transfer	\$8.0
State Building Fund	\$7.6

Summary of Expenditures

Annual Expenditures in Millions for State Fiscal Year 2002 (AF)

Child, Adult, and Family Safety and Well-Being Services SFY 2002

Adoption/Alternative Permanencies	\$28.2
Adoption Subsidy	\$17.1
Foster Care	\$91.9

Financial and Employment Services

Child Care	\$50.8
Child Support Collections **	\$143.0
Food Assistance	\$106.8
General Assistance	\$6.0
Low Income Energy Assistance	\$8.8
Rehabilitation Direct Services	\$14.6
Temporary Assistance for Families (TAF)	\$49.0
TAF Employment Services	\$8.0

**This line-item is not an expenditure, but total SRS child support collected on behalf of families

(In Millions)

-Not a complete list of SRS services

Summary of Expenditures

<u>Health and Medical Services</u>	<u>SFY 2002</u>
State Mental Retardation Hospitals	\$46.6
Developmental Disability Services	\$245.0
Mental Health Services	\$74.7
Physical Disability Services	\$60.4
State Mental Health Hospitals	\$60.1
Substance Abuse Treatment and Recovery	\$17.0
Health Care Services:	
People Primarily in Managed Care Programs	
Families	\$106.6
Children	\$118.9
Pregnant Women	\$37.6
People Primarily in the Fee-for-Service Program	
Persons who are Elderly and Disabled	\$471.7
Children in Foster Care, Adoption, or JJA	\$31.3
Persons Provided Partial Health Care Coverage	\$13.2
MediKan Fee-for-Service	\$17.5
Children's Health Insurance Program	\$43.2

(In Millions)

Summary of Persons Assisted

Number of consumers/beneficiaries for state fiscal year 2002

01-1

Child, Adult, and Family Safety and Well-Being Services

SFY 2002

Adoption/Alternative Permanencies	1,546
Adoption Subsidy	4,303
Foster Care	3,264

Financial and Employment Services

Child Care	16,151
Child Support Collections	150,204
Food Assistance	131,723
General Assistance	3,152
Low Income Energy Assistance	72,239
Rehabilitation Direct Services	7,859
Temporary Assistance for Families (TAF)	34,453
TAF Employment Services	11,342

average per month

Summary of Persons Assisted

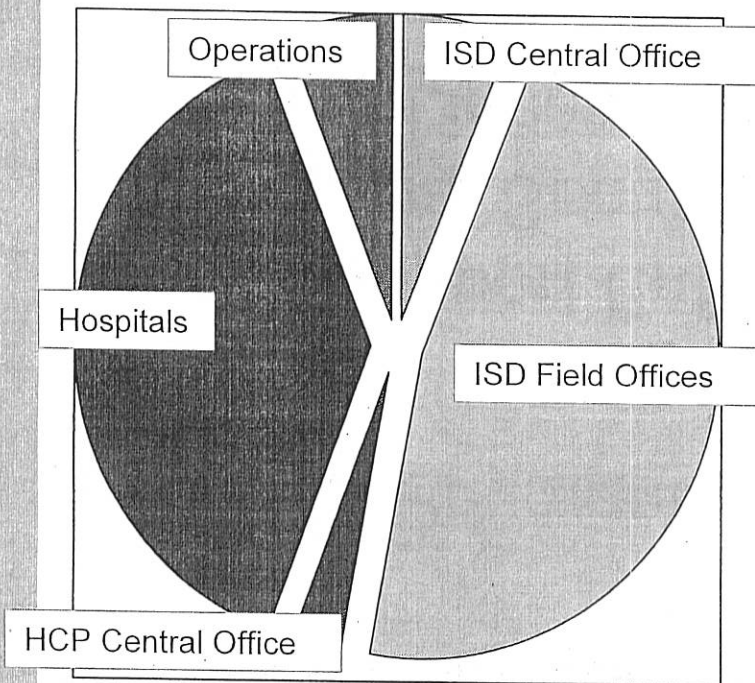
Health and Medical Services

SFY 2002

State Mental Retardation Hospitals	375
Developmental Disability Services	8,876
Mental Health Services	24,726*
Physical Disability Services	4,875
State Mental Health Hospitals	431
Substance Abuse Treatment and Recovery	14,111
Health Care Services:	
People Primarily in Managed Care Programs	
Families	52,400
Children	71,900
Pregnant Women	5,700
People Primarily in the Fee-for-Service Program	
Persons who are Elderly and Disabled	63,060
Children in Foster Care, Adoption, or JJA	10,000
Persons Provided Partial Health Care Coverage	6,660
MediKan Fee-for-Service	2,970
Children's Health Insurance Program	24,264

*Figure represents persons served per year

SRS Employee Count



Currently Filled FTE

Integrated Service Delivery

Central Office	338.78
Field Operations	2,667.78

Health Care Policy

Central Office	161.93
Hospitals	2,180.05

Kansas Neurological Institute	564.20
Larned State Hospital	671.30
Osawatomie State Hospital	388.26
Parsons State Hospital & TC	447.49
Rainbow Mental Health Facility	110.80

Operations 339.06

(Includes Legal, Human Resources, Audit and Consulting Services, Budget, Finance, Public Affairs and Planning and Policy Coordination)

Total 5,687.60

Highlights for 2003 Legislative Session

→ Legislative Proposals

- Kansas Payment Center Sunset Measure
- Child Support Enforcement Requirement that Social Security Numbers be on Kansas Driver's License Applications
- Repeal of \$40 Pass Through of Child Support

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FY 2003/2004 SRS Budget Highlights

Budget

- At the end of the 2002 legislative session, SRS' FY 2003 budget was significantly impacted by numerous budget reductions which resulted in reducing, modifying or eliminating critical services.
- As SRS ended the 2002 legislative session and began preparing an FY 2003/2004 budget, we had serious concerns about Kansas' financial picture and its impact on SRS' budget.
- SRS imposed several cost management tools to slow the growth of the Medicaid program.
- As we prepared our budget, we recognized that \$75 million in one-time Intergovernmental Transfer funding would need to be replaced with SGF or critical services to thousands of people would be eliminated.
- In August and November, Governor Graves imposed an allotment of \$6.2 million SGF/\$14.9 million all funds and \$26.6 million SGF/\$49.09 million all funds, respectively, on SRS, leading us to make significant administrative, program and service reductions in the current year.

FY 2003/2004 SRS Budget Highlights

Budget

- Although the Governor's FY 2004 budget restores some critical service reductions, the budget continues to reflect significant reductions in SRS' budget.
- The Governor's budget recommendation funds consensus caseloads and replaces Intergovernmental Transfer funds.
- SRS central office and field offices will be managing programs with fewer staff: one in six positions will be left open in central office, one in eight positions will be left open in the field offices. Also, the state hospitals are currently implementing workforce reductions and will continue to do so in FY 2004.
- In addition, layoff plans were submitted to the Division of Personnel Services last week. The layoff plan contains a total of 147 positions within the agency, including:
 - 50 positions from Central Office
 - 77 positions from Area Offices
 - 11 positions from State Hospitals
 - 9 additional positions from Manhattan Area Office (effective June 6, 2003)

Emerging Issues

- ❑ Rising Social Service Caseloads
- ❑ Escalating Health Care Costs
- ❑ Balancing Demand for Services with Available Funding
- ❑ Demographic Changes in Rural Areas
- ❑ Maintaining High Staff Morale Through Tough Times
- ❑ Managing Programs with Fewer Dollars and Staff
- ❑ Federal Reauthorization of Programs:
 - ❑ TANF - *hasn't been passed*
 - ❑ Child Care-

Schedule 1
 Department of Social and Rehabilitation Services
 Adjustments included in the Governor's Budget Recommendation
 (in millions)

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
Reductions included in SRS Submitted Budget				
Governor's August Allotment Reductions <ul style="list-style-type: none"> • Reduce Family Preservation Services • Reduce Child Support Enforcement Contracts • Head Injury Waiver • Local Office closures, State Hospital staff, and other administrative reductions • Medicaid cost avoidance 	(6,020,860)	(14,092,734)	(6,020,860)	(14,092,734)
State hospital workforce reductions <ul style="list-style-type: none"> • Reduce workforce in targeted positions not providing critical patient care 	(600,000)	(600,000)	(1,200,000)	(2,142,086)
Redesign of the delivery of field services <ul style="list-style-type: none"> • close 22 offices before July 2003 (reduction part of August allotment) • close more offices in FY 2004 	0	0	(197,005)	(416,500)

Adjustments to the Submitted Budget

<i>Governor's November 2003 Allotment Reductions continued in FY 2004</i>				
Increase SRS Central Office Shrinkage from 7.25% to 17% <ul style="list-style-type: none"> • 1 out of every 6 positions will be kept vacant • This represents a reduction in workforce. 	(843,590)	(2,313,955)	(914,069)	(2,439,375)
Reduce Information Technology and Human Resource Training contracts	(1,900,000)	(5,307,263)	(623,285)	(1,707,916)
Reduce Early Learning grants <ul style="list-style-type: none"> • Grants to improve the quality of care will be reduced by \$1.4 million affecting the funding for the following: accreditation, infant/toddler slots, provider start-up funding, training, education, provider recruitment, and resource and referral services 	(557,200)	(1,400,000)	(557,200)	(1,400,000)
Reduce Child Welfare grants <ul style="list-style-type: none"> • Additional funding for the training and recruitment of foster parents will be eliminated. 	(157,382)	(406,493)	(314,764)	(812,986)

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Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
Eliminate grandfathering for those whose PD Waiver LOC score is between 16 and 25 <ul style="list-style-type: none"> The level of care eligibility score for the PD waiver was raised from 16 to 25 in 1999. Persons already being served were allowed to remain in service. 350 persons will be removed from PD waiver funded services 	(334,656)	(840,000)	(1,481,551)	(3,765,060)
Reduce Pharmacy Reimbursement rate to Average Wholesale Price - 13% <ul style="list-style-type: none"> Reimbursement for branded pharmaceuticals will be reduced from the average wholesale price (AWP) minus 11 percent to AWP minus 13 percent. 	(212,267)	(533,333)	(1,231,200)	(3,100,000)
Reduce inpatient acute care hospital reimbursement rate <ul style="list-style-type: none"> Reduce rate by 10% in FY 2003 Reduce hospital rates by paying the lesser of the diagnostic related groupings (DRG) or the charged amount, reduce payments to out of state hospitals, paying less for costs above the DRG, and making no payments for medical education services. 	(614,840)	(1,544,724)	(4,997,450)	(12,700,000)
Reduce Medical Transportation reimbursement rate <ul style="list-style-type: none"> Reduce the base rate paid for Medicaid covered transportation from \$20 per trip to \$10 per trip. 	(497,500)	(1,250,000)	(1,180,500)	(3,000,000)
Limit the Number of Branded Prescriptions covered by Medicaid to five per month <ul style="list-style-type: none"> The number of branded drugs covered by Medicaid for each person in the program will be limited. Persons on Medicaid and their physicians, with certain exceptions, will need to switch to generics, prioritize their medications, or seek other funding for branded medications above the limit. Generic drugs will not be limited. 	(1,400,000)	(3,500,000)	(5,312,250)	(13,500,000)
Reduce Physical Disability Waiver funding approved for the PD waiver waiting list <ul style="list-style-type: none"> The additional appropriation for serving more people on the PD waiver waiting list will not be used. 156 fewer persons will be served on the PD waiver 	(1,000,000)	(2,500,000)	(983,750)	(2,500,000)
Reduce family preservation services <ul style="list-style-type: none"> Approximately 451 families will not receive services as a result of the reduction in this program. 	(932,672)	(1,750,000)	(1,750,000)	(1,750,000)
Move Start Date for two year limit on General Assistance and MediKan <ul style="list-style-type: none"> Start date for two year limit will move to 1/1/02 Persons who have been receiving services will lose them on 1/1/04 	0	0	(2,693,146)	(2,693,146)
Reduce SRS travel & supply expenditures	(181,419)	(493,975)	(156,400)	(421,336)

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
Miscellaneous Administrative Reductions • Reduce various contracts and other misc admin costs.	(233,131)	(498,259)	(235,570)	(497,676)
Miscellaneous Funding Shifts • Shifts SGF expenditures to federal and fee funds	(1,352,023)	0	(1,121,404)	0
Reduce Medical Policy grants • Reduce various administrative grants including incentive payments for diversion of people from private acute care psychiatric hospital admission.	(145,541)	(207,164)	(770,541)	(832,164)
Reduce Prevention Grants	(16,830)	(75,000)	(16,830)	(75,000)
Reduce Mental Health Grants • Reduce grants to Consortium AIMS, WSU Children, WSU Other, ComCare, KU Medical Residency Program, KU Adult, KU Children, NAMI, KEYS, Alternate Care, and Vocational Rehabilitation..	(165,380)	(192,000)	(204,630)	(231,250)
Reduce Developmental Disability Grants • Reduce grants for Make a Difference, DD targeted case management growth, Families Together, and CDDO Administration	(404,445)	(721,730)	(404,445)	(721,730)
Reduce Rehabilitation Grants • Reduce grants to United Cerebral Palsy, KCDHH administrative grants, Kan-Sail administrative grants, and administrative training grants.	(104,959)	(185,295)	(133,723)	(302,105)
Reduce MediKan rate to Community Mental Health Centers	(466,667)	(466,667)	(1,400,000)	(1,400,000)
Reduce Foster Care contract rate by 5%	(1,797,282)	(1,950,637)	(3,273,750)	(4,761,818)
Reduce Family Preservation contract rate by 2.5%	(16,219)	(106,454)	(252,091)	(255,489)
Reduce Adoption contract rate by 2.5%	(247,853)	(360,458)	(618,120)	(900,000)
Limit prescription drug supply to 31 days	(199,000)	(500,000)	(196,750)	(500,000)
Require prior authorization to access Cox II anti-inflammatory drugs • Cox II anti-inflammatory medication will only be authorized for person with ulcers or persons on medication that causes gastro-intestinal distress.	(199,000)	(625,000)	(590,250)	(1,500,000)

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
<p>Reduce Family Support for Developmental Disability Waiver</p> <ul style="list-style-type: none"> Families with minor or adult children living at home receive attendant care services funded by the DD waiver. The number of hours of services these families receive will be reduced by an average of 10% 2,200 families may receive fewer services 	(398,900)	(1,000,000)	(1,574,000)	(4,000,000)
<p>Eliminate the Protection Reporting Center (eliminate 9 FTE)</p> <ul style="list-style-type: none"> The responsibility of receiving and screening all child and adult abuse/neglect concerns will be distributed among the 11 SRS management areas, depending on where the child/family or adult resides. Concerns made after normal business hours can be made to local law enforcement agencies or a 1-800 abuse hotline. 	(50,157)	(78,346)	(200,381)	(312,998)
<i>Governor's November 2003 Allotment Reductions partially restored in FY 2004</i>				
<p>Reduce Community Mental Health Center State Aid</p> <ul style="list-style-type: none"> Reduce formula grants to Community Mental Health Centers (CMHC) that support their general provision of services and infrastructure. Some CMHCs use these funds as certified match for federal Medicaid 	(2,500,000)	(2,500,000)	(1,500,000)	(1,500,000)
<p>Reduce Community Developmental Disability Organization State Aid</p> <ul style="list-style-type: none"> Reduce formula grants to Community Developmental Disability Organization (CDDO) that support their general provision of services and infrastructure. Some CDDOs use these funds as certified match for federal Medicaid. 	(1,996,500)	(1,996,500)	(1,500,000)	(1,500,000)
<p>Raise HealthWave Premiums</p> <ul style="list-style-type: none"> Triple HealthWave Premiums from \$10 to \$30 and \$15 to \$45 based family income in FY 03; Double rates from \$10 to \$20 and \$15 to \$30 in FY 04 5,800 families will be subject to higher premiums 1,475 children could drop coverage based on national studies of experiences in other states. 	(91,628)	(328,650)	(359,150)	(1,288,200)
<i>Governor's November 2003 Allotment Reductions restored in FY 2004</i>				
<p>Reduce Head Start grants</p> <ul style="list-style-type: none"> Reduce the Kansas Early Head Start program by \$300,000. Approximately 70 children and 82 families will be affected by the reduction in Early Head Start funding. 	(119,400)	(300,000)	0	0

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
Reduce Child Welfare grants <ul style="list-style-type: none"> The reduction of the disability advocacy contract will reduce the number of children receiving assistance in obtaining federal disability. 	(127,548)	(180,000)	0	0
Eliminate Economic and Employment Services Grants <ul style="list-style-type: none"> Reduce the TAF and GA disability advocacy contract Eliminate professional development contract 	(118,496)	(320,000)	0	0
Reduce Child Care eligibility 185% FPL to 150% FPL <ul style="list-style-type: none"> The maximum income to receive child care subsidies for a family of three will decrease from \$2,316 to \$1,878 per month, a 19 percent reduction. Approximately 1,288 families and 2,092 children will lose their eligibility for subsidies. Restored to 185% FPL in FY 2004 	(831,798)	(2,089,944)	0	0
Reduce Protected Income Level for Waivers to \$645 <ul style="list-style-type: none"> The PIL allows persons served with waiver funding to keep higher amounts of income for housing, utilities, food and transportation. This lowers the amount these persons are allowed to keep for these expenses by requiring them to pay more for medical care. The average additional amount paid by these persons will be \$516 per year. 1,205 persons on the DD waiver 1,160 persons on the PD waiver 42 persons on the Head Injury (HI) waiver Restored to \$716 in FY 2004 	(186,635)	(468,931)	0	0
Reduce CFP Family Services/Community Services <ul style="list-style-type: none"> Approximately 6 families will not receive services as a result of the reduction in Family Services. 	(32,116)	(63,470)	0	0
Eliminate the emergency shelter case management funding <ul style="list-style-type: none"> Approximately 3,636 children may not receive case management services as a result of the elimination of this funding which could result in fewer benefits for early intervention. Fully restored in FY 2004 	(600,523)	(600,523)	0	0
State Hospital hiring freeze and/or workforce reductions <ul style="list-style-type: none"> 1 out of every 9 positions will be kept vacant. This represents a reduction in workforce. 	(762,282)	(762,282)	0	0
Reduce State Hospital OOE expenditures <ul style="list-style-type: none"> Reduce maintenance and upkeep of hospital buildings and grounds and supplies available for administration and resident use. 	(750,000)	(750,000)	0	0

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
Increase SRS Field Office Shrinkage rate from the approved 7.25% to 12% for FY 03; to 10.7% as submitted in the FY 04 budget • 1 out of every 8 positions will be kept vacant.	(2,346,121)	(5,350,024)	0	0
Reduce Substance Abuse Prevention & Treatment grants • Reduce grants not directly related to direct consumer services.	(53,653)	(503,300)	0	0
Raise Physical Disability Waiver Level of Care Score to 30 but grandfather those in service • 118 of the 674 persons on the waiting list would not qualify for PD waiver services • The GBR lower the LOC back to 26 in FY 2004	(47,820)	(120,150)	0	0
Reduce PD Waiver rate 2.5%	(139,986)	(366,598)	0	0
Reduce HI Waiver rate 2.5%	(17,125)	(37,266)	0	0
Reduce DD Waiver rate 5%	(976,776)	(2,448,673)	0	0
Eliminate Medicaid coverage for adult vision • 10,500 persons will experience a delay in receiving eye examinations or glasses.	(208,333)	(458,333)	0	0
Eliminate Medicaid coverage for adult audiology • 4,500 person will experience a delay in receiving hearing tests or hearing aids	(83,333)	(166,667)	0	0
Eliminate Medicaid coverage for incontinence supplies • 513 persons will not have diapers purchased through Medicaid for incontinence	(166,667)	(416,667)	0	0
<i>Other Reductions</i>				
Pend Medical Claims • Medicaid payments for claims from hospitals, physicians, pharmacy, and home health will be held for about the last 12 days of FY 2003 and paid immediately in FY 2004.	(6,200,000)	(15,500,000)	6,200,000	15,500,000
Funding shifts • Shift antipsychotropic medication funding from SGF to pharmacy manufacturer rebates (fee fund) • Medicaid Federal Match percentage increase • Increase IGT funding in waivers	(4,000,000)	0	(15,570,000)	0
Tighten eligibility for TANF Transitional - Medical program by requiring reapplication after 6 months	0	0	(865,700)	(2,200,000)

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds																																													
Reduce Intermediate Care Facility for Mental Retardation rates by 10%	0	0	(784,973)	(1,994,848)																																													
<i>Additions</i>																																																	
Consensus Caseload Adjustments:	21,672,037	56,280,910	48,513,467	128,900,925																																													
<table border="0"> <tr> <td></td> <td colspan="2">FY 03</td> <td colspan="2">FY 04</td> </tr> <tr> <td></td> <td>SGF</td> <td>AF</td> <td>SGF</td> <td>AF</td> </tr> <tr> <td></td> <td colspan="2">(in millions)</td> <td colspan="2">(in millions)</td> </tr> <tr> <td>Medical</td> <td>\$21.7</td> <td>\$55.8</td> <td>\$46.9</td> <td>\$120.0</td> </tr> <tr> <td>NFMH</td> <td>0.7</td> <td>\$1.0</td> <td>(\$0.8)</td> <td>(\$0.6)</td> </tr> <tr> <td>Adoption</td> <td>0.3</td> <td>0.6</td> <td>0.7</td> <td>1.4</td> </tr> <tr> <td>Foster Care</td> <td>(0.9)</td> <td>(2.0)</td> <td>0.8</td> <td>2.0</td> </tr> <tr> <td>TANF</td> <td>0.0</td> <td>1.1</td> <td>0.0</td> <td>5.2</td> </tr> <tr> <td>GA</td> <td>(0.1)</td> <td>(0.1)</td> <td>0.9</td> <td>0.9</td> </tr> </table>		FY 03		FY 04			SGF	AF	SGF	AF		(in millions)		(in millions)		Medical	\$21.7	\$55.8	\$46.9	\$120.0	NFMH	0.7	\$1.0	(\$0.8)	(\$0.6)	Adoption	0.3	0.6	0.7	1.4	Foster Care	(0.9)	(2.0)	0.8	2.0	TANF	0.0	1.1	0.0	5.2	GA	(0.1)	(0.1)	0.9	0.9				
	FY 03		FY 04																																														
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GA	(0.1)	(0.1)	0.9	0.9																																													
Replace Intergovernmental Transfer funds with SGF	0	0	74,800,000	0																																													
Urban Acute Care Services • Funds have been made available to address crisis mental health services in urban areas.	0	0	1,000,000	2,510,040																																													
Fund parent fees shortfalls • Replace fee funds and increase federal expenditure authority for parental fees not collected for services provided by the serious emotional disturbance (SED) waiver, the developmental disability (DD) waiver, the technology assisted (TA) waiver, and family preservation contract.	0	1,746,000	1,234,480	3,520,000																																													
Fund HCBS Waiting Lists • Increase funding for Developmental Disability and Physical Disability Waivers <table border="0"> <tr> <td></td> <td>SGF</td> <td>AF</td> </tr> <tr> <td>DD waiver</td> <td>2.0</td> <td>5.1</td> </tr> <tr> <td>PD waiver</td> <td>1.0</td> <td>2.5</td> </tr> </table>		SGF	AF	DD waiver	2.0	5.1	PD waiver	1.0	2.5	0	0	3,000,000	7,623,888																																				
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PD waiver	1.0	2.5																																															
Fund Medicaid Coverage for children aging out of the foster care	0	0	64,470	162,500																																													
Fund HealthWave caseload increases	0	0	3,091,526	12,025,000																																													
Intensive services for at risk General Assistance/MediKan recipients	0	0	334,400	500,000																																													
Fund Sexual Predator Treatment Program census increase	0	0	1,589,719	1,589,719																																													
Fund current Sexual Predator Transition Program census	0	0	100,000	100,000																																													
Fund Rainbow Mental Health Facility • This will allow RMHF to remain open after 7/1/2003	0	0	3,867,158	6,819,608																																													

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
<i>Children's Cabinet Additions</i>				
Add CIF for Smart Start in Children's Cabinet	0	0	0	1,300,000

Schedule 2
 Department of Social and Rehabilitation Services
 Changes Not Included the Governor's Budget
 (in millions)

Description	FY 2003 SGF	FY 2003 All Funds	FY 2004 SGF	FY 2004 All Funds
<u>FY 2003 Supplemental and FY 2004 Enhancement Request</u>				
Reduce State Institutions shrinkage rate	876,514	876,514	0	0
Fund Sexual Predator Treatment Program census <u>increase</u>	397,430	397,430	0	0
Fund Larned State Hospital support services required for Larned Juvenile Correctional Facility bed expansion	59,651	59,651	257,594	257,594
Fund Sexual Predator transition program <u>current</u> census	100,000	100,000	0	0
Waiver service access management lists	0	0	2,000,000	4,876,112
Supports for Children and Families Whose Needs Cross Services Systems	0	0	1,200,000	3,000,000
Intermediate Care Facilities for Mental Retardation (ICFs/MR) rate adjustments	0	0	538,515	1,350,000
Restore Hospice services for people on Physical Disability waiver	0	0	160,513	403,298
Sexual Predator transition program <u>projected</u> census	0	0	100,000	100,000
Physician reimbursement fee for service rates	0	0	7,500,000	18,400,000
Dental services funding for adults	0	0	6,400,000	16,000,000
Restore Family Preservation allotment cut	0	0	1,000,000	1,000,000
Severe and Persistent Mental Illness (SPMI) jail diversion	0	0	2,000,000	2,000,000
Services for Children with Autism/Autistic-like symptoms	0	0	1,000,000	1,000,000
Family formation and fatherhood initiative	0	0	202,754	208,100
Specialized Developmental Disability services	0	0	1,000,000	1,000,000
<u>Reductions</u>				
Reduce HealthWave eligibility to 185% FPL	0	0	(303,320)	(1,087,950)
Modify HealthWave benefit package	0	0	(1,671,706)	(6,069,000)
Freeze Access to PD, DD, and HI Waivers	0	0	(4,720,054)	(11,847,526)
Reduce CFP Family Services/Community Services	0	0	(527,734)	(681,823)
Eliminate the Emergency Shelter Case Management funding	0	0	(1,441,256)	(1,441,256)

Kansas Department on Aging Agency Overview For

House Appropriations Committee

January 29, 2003
Janis DeBoer, Acting Secretary



HOUSE APPROPRIATIONS

DATE 1-29-03

ATTACHMENT 2

For information contact:

Sheli Sweeney, Legislative Liaison
(785) 296-2199 or michelle@aging.state.ks.us

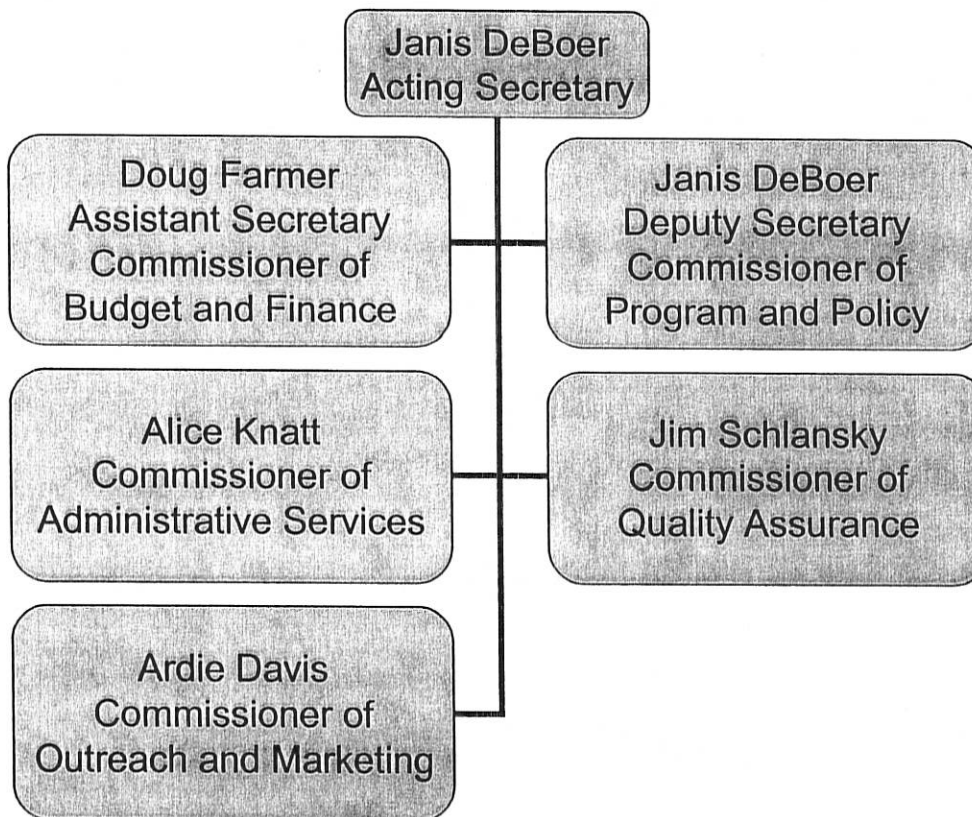
Doug Farmer Assistant Secretary
(785) 296-6295 or dougf@aging.state.ks.us

Kansas Department on Aging Mission and Goals

Mission: To promote security, dignity and independence of Kansas' seniors.

- Goal I: Healthy aging with personal and financial independence.
- Goal II: A continuum of choices in services for seniors.
- Goal III: High quality services and supports at all levels of individual need.
- Goal IV: Effective, efficient and affordable services and supports.

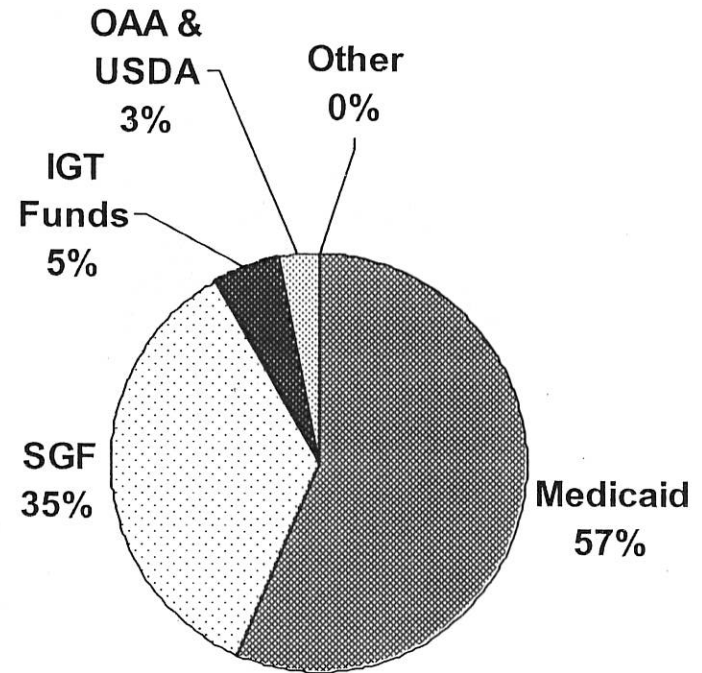
Kansas Department on Aging



122 filled positions

Kansas Department on Aging FY 2002 Funding Sources

Medicaid	\$223,272,190
State General Fund	\$140,824,187
IGT Funds	\$21,089,830
OAA & USDA	\$11,312,578
Other	<u>\$328,013</u>
Total	\$396,826,798



Kansas Department on Aging FY 2002 Expenditures

Nutrition **\$8,840,080**

- Congregate
- Home Delivered Meals

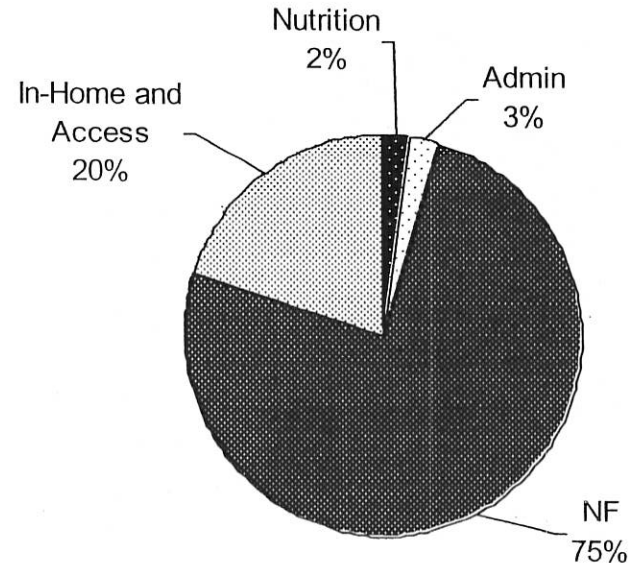
Access and In-Home **\$78,881,780**

- Older Americans Act (OAA)
- Senior Care Act (SCA)
- Income Eligible (IE)
- Home and Community Based Services for Frail Elderly (HCBS/FE)
- Targeted Case Management (TCM)
- Senior Pharmacy Program
- Partnership Loan Program

Nursing Facility **\$298,201,922**

Administration **\$10,249,130**

Includes Client, Assessment, Referral and Evaluation (CARE)



2-6

KDOA Customers Served FY 2002

Nutrition

Congregate	27,866 (undup.)/ 1,617,540 meals*
Home Delivered Meals	18,393 (undup.)/ 1,801,778 meals*

Access and In-Home

SCA	6,966
HCBS/FE	5,697
TCM	4,556
Senior Pharmacy Program	1,511 (undup.)

Nursing Facility 10,979

CARE 13,324

*FFY 02

KDOA Customer Profiles

Congregate Meal Customer- An 80 year old widower whose wife prepared his meals during their 60 years of marriage. Recently he began attending the local senior center to socialize with friends and eat a noon-time meal. He contributes to the cost of his meal.

Home-Delivered Meal Customer- A 83 year old woman had a stroke that paralyzed her left side. She is homebound and unable to shop and prepare her own meals. A volunteer delivers her a meal five days a week. She contributes to the cost of her meal.

KDOA Customer Profiles

Senior Care Act Customer- An 81 year old woman who lives alone. With a long-term care threshold of 27, she is unable to shop, cook, and clean her home without assistance. For a homemaker to help her remain in her home, she pays for 50% of the cost of her care, which is based on a sliding fee scale.

HCBS/FE Customer- A 77 year old woman who also lives alone. She has fallen twice in the last two months. With a long-term care threshold score of 50, the customer needs assistance with bathing, housekeeping, medication management, toileting, and shopping. Since she has an income above poverty level, she is required to pay for part of the cost for her care.

KDOA Customer Profiles

Nursing Facility Customer- An 82 year old woman, who was diagnosed with Alzheimer's Disease 7 years ago. As the primary caregiver, her husband (85) received some assistance from the Area Agency on Aging. When his wife started wandering more and required around the clock supervision, he felt he could no longer provide the level of care she needed and felt she was not safe. She has a long-term care threshold score of 80. The couple's assets were divided so that she could spend down for Medicaid payment of nursing facility care and he could remain in the community.

KDOA FY 2003 Allotment

In August and November 2002, Governor Graves implemented allotment reductions totaling \$6,111,729 in state general funds and \$13,573,401 in all funds for KDOA. These allotments consisted of the following:

- ❑ **Agency Administration (\$281,228)** - substantially decreased travel, printing, technology replacement, and increased shrinkage of staffing levels;
- ❑ **Nutrition Program (\$134,887)** - decrease of 47,863 meals served;
- ❑ **Targeted Case Management (\$187,714 SGF, \$469,285 AF)**- decrease of 11,732 hours of case management provided;
- ❑ **Senior Care Act (\$971,691)**- 139 customers lost service for a full year and an additional 1,400 lost services for half a year; and
- ❑ **Nursing Facilities (\$4,536,209 SGF, \$11,340,523 AF)**- phase II reimbursement rate will be delayed.

KDOA Waiting Lists

As of 12/31/02, SCA waiting list: 650

As of 1/17/03, HCBS/FE waiting list: 1072

KDOA FY 2004 Budget Highlights

Governor's Budget Recommendations

- ❑ Restores Nutrition, TCM, Nursing Facility, and a majority of the SCA funding
- ❑ Maintains funding for Senior Pharmacy Program
- ❑ Elimination of the Outreach and Marketing Commission- \$208,488 SGF, \$424,359 all funds, 10.0 FTE positions
- ❑ Elimination of the Quality Review Division of the Quality Assurance Commission- \$617,541 SGF, \$1,194,469 all funds, 30.0 FTE positions
- ❑ Transfer the regulation of nursing facilities from KDHE to KDOA- \$1,197,965 SGF, \$6,800,000 all funds, 116 FTE positions.

KDOA Accomplishments in 2002

Nutrition

In-Home Nutrition Program- consolidated OAA III C2 and In-Home Nutrition Program.

Intergenerational School Congregate Meal Program- implemented three pilots in areas that do not have congregate meal sites; seniors have lunch with the grade school students and interact with the children.

In-Home and Access

Lifelong Communities- coordinate with communities across Kansas to provide information on the value of healthy aging and senior-friendly communities.

Partnership Loan Program- approved loans to provide 96 assisted living, 26 senior housing, and 8 homes plus units in 10 communities with limited housing and service options.

Program for All-Inclusive Care (PACE)- collaborated with the Centers for Medicare and Medicaid Services and Via Christi to make this managed long-term care model available in Sedgwick County.

Senior Pharmacy Program- reimbursed prescription costs for 1,511 individuals.

Senior Care Act- implemented amendments to this act; consolidated with all state-funded in-home services program.

Nursing Facility

Promoting Excellent Alternatives in Kansas (PEAK) Nursing Homes- worked with nursing homes and supported them in pursuing “non-traditional” models of care with progressive home-like environments.

KDOA Innovative Projects

2-14

Senior Farmer's Market Program- KDOA has applied for a grant from the USDA to provide vouchers to low income seniors that can be used to purchase fresh fruits and vegetables at local farmer's markets during the summer months. The Kansas Department of Agriculture is a partner in this grant application.

Family Caregiver Support Program- helps meet the needs of caregivers for our elders, including support services and respite.

Relatives as Parents Program (RAPP)- identifies and supports issues and needs of kinship caregiving, especially as it relates to grandparents raising grandchildren, funded by a grant KDOA received.

Private Financing of Long-Term Care- KDOA began its initiative to increase awareness of the need to plan for long-term care and has begun educating Kansans on the private financing of long-term care services, such as purchasing long-term care insurance when feasible.

Alzheimer's Arts and Inspiration Center- a public/community effort in Parsons, Kansas; the center provides respite to caregivers and the opportunity for those with memory loss to share thoughts, philosophies, creations and enjoyment through the avenue of the arts; funded by a grant KDOA received.