

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE.

The meeting was called to order by Chairperson Jim Morrison at 1:30 p.m. on January 16, 2003 in Room 243-N of the Capitol.

All members were present.

Committee staff present:

Bill Wolff, Legislative Research Department  
Renaë Jefferies, Revisor of Statutes' Office  
Gary Deeter, Committee Secretary

Conferees appearing before the committee:

Janet Schalansky, Secretary, Kansas Social and Rehabilitative Services

Others attending:

See Attached List.

The Chair asked members to introduce themselves.

Janet Schalansky, Secretary, Social and Rehabilitative Services (SRS) introduced her executive staff: Candy Shively, Integrated Service Delivery; Laura Howard, Health Care Policy; Mary Ann Deagle, Legislative Liaison; John Badger, Legal Services; and (not present) George Vega, Human Resources. She then provided an overview of SRS services and costs. (Attachment 1) She said that in FY 2002 source funds were apportioned 60.2% federal, 30.1% State General Fund (SGF), and 9.7% from other state funds totaling \$2.0 billion. She said expenditures will increase in FY 2003 to \$2.3 billion, the largest cost increases being generated by rising medical assistance costs. She observed that the public thinks of the agency as primarily disbursing welfare checks, but in fact cash assistance amounts to only 2% of the SRS budget for adults and less than 5% for children. She said greatest part of the budget goes for medical assistance and medical services.

Ms. Schalansky said SRS is the largest state agency, with staff totaling 5708.5 FTEs. She noted that in 1992 SRS had 11,000 FTEs and that 900 positions are currently being held open to meet shrinkage requirements. A committee member later observed that the reductions are in part due to SRS contracting services to private entities, whose employees are not counted in the SRS staff totals.

Ms. Schalansky highlighted current issues. She stated that the 1996 Welfare Reform Law (SB 140) significantly changed child support procedures. Because of federal requirements, Kansas created the Kansas Payment Center, a centralized office for collecting and disbursing child support. She noted that a state provision sunsetting the Kansas Payment Center could jeopardize federal funds. She said further federal regulations require a Social Security number to be placed on Kansas driver's license applications. Failure to do so will cause Kansas to lose \$30 million in child support and TANF funds.

Ms. Schalansky stated that FY 2003 budget cuts reduced or eliminated many SRS services, but also

## CONTINUATION SHEET

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE at on January 16, 2003 in Room 243-N of the Capitol.

challenged the agency to institute cost-management tools to minimize the budget shortfall. She noted that such cuts also reduce the federal matching money, further exacerbating funding for programs. She said the proposed FY 2004 budget restores many of these cuts, but funding reductions will continue to impinge on services. She said because of the general downturn in the economy, the agency's caseload consensus evaluation has consistently underestimated demand for services. She explained several cost-reduction processes: raising the eligibility level for HealthWave (medical coverage for children) and the Medicaid waiver for home service to the disabled, and reducing the amount for general assistance. She said closing 20+ field offices will require staff to travel more, but should result in office and telecommunications savings and still provide services locally.

Answering questions, Ms. Schalansky said staff turnover and vacancies (1 out of 6 FTEs is vacant) saved the agency from cutting FTEs, although 50 more positions will be eliminated in the central office. For child-care eligibility, household income, not individual income, is the standard. She said because contractors are doing better in family preservation and facilitating the adoption process, the numbers in foster care or receiving child welfare are going down. She noted that contracts for child welfare sub-contractors are performance-based. She said that even with budget cuts restored for FY 2004, the SRS budget will fall 3% below its former level. She said that \$1.5 million less was spent this year for family preservation services.

Members expressed concern regarding several SRS policies:

- Block grants to local agencies providing services to the developmentally disabled allow administrators to retain their positions and to set staff salaries as they choose.
- Not meeting the needs of vulnerable Kansas citizens, especially children, seems to indicate priorities awry.

The Chair requested that Ms. Schalansky return for further testimony to the committee on Tuesday. He gave a brief overview of the direction of the committee regarding the use of technology, saying further orientation would occur on Tuesday and Wednesday of next week.

The committee was adjourned at 3:00 p.m. The next meeting is scheduled for Tuesday, January 21, 2003, in Room 243-N of the Capitol.

**HOUSE HEALTH AND HUMAN SERVICES COMMITTEE  
GUEST LIST**

DATE: JANUARY 16 2003

NAME	REPRESENTING
Garnie Ann Hower	KATHP
Josie Torres	KACIL
Doug Bowman	CCECOS
Mike Hammond	Assoc. of CNHCs
CLARICE POWERS	KHCA
Ramona Darksen	KCSL
Teresa Schwab	KCSL
Chris Collins	KMS
GARY Robbins	KOA
Chip Wheelen	KAOM
MATT FLETCHER	INTERHAB
Tom Bruno	EDS
Tom Gaches	GBBA
Tom Bell	Ks. Hosp. Assn.

wednesday, January 15, 2003

## Agenda Supplement

*Jim Morrison (R-Colby) – Chair*  
*Peggy Long (R-Madison) - vice Chair*  
*Bob Bethell (R-Alden)*  
*Willa DeCastro (R-Wichita)*  
*Mario Goico (R-Wichita)*  
*Don Hill (R-Emporia)*  
*Brenda Landwehr (R-Wichita)*  
*C. Frank Miller (R-Independence)*  
*Cindy Neighbor (R-Shawnee)*  
*Doug Patterson (R-Leawood)*  
*Roger Reitz (R-Manhattan)*

*Scott Schwab (R-Olathe)*  
*Stephanie Sharp (R-Lenexa)*  
*Nancy Kirk (D-Topeka) -- Ranking Minority*  
*Geraldine Flaharty (D-Wichita)*  
*Tom Holland (D-Baldwin City)*  
*Eber Phelps (D-Hays)*  
*Judy Showalter (D-Winfield)*  
*Sue Storm (D-Overland Park)*  
*Joshua Svaty (D-Ellsworth)*  
*Jerry Williams (D-Chanute)*

Dear Secretary Schalansky,

Following are some questions suggested by committee members to guide you in preparing your testimony for your Thursday, January 16, meeting with the House Health and Human Services Committee.

- How many Foster Care contractors does SRS work with, their names, location, and region of responsibility?
- How many employees does each contractor have subdivided by: Administrators, Area Directors, Office Managers, Case Workers, other?
- What is the total cost of operation of each contractor per year since we privatized this service?
- How much in funding per year has been provided to the contractors by the SRS since privatization? What percent of total funding of the contractors comes from SRS, and how much from other sources? What are those sources?
- How many children have been in foster care custody at the end of each calendar year beginning from the time privatization was instituted? How many forecast for FY2003?
- At the start of FY2003 how many employees did SRS have? How many do they anticipate having by the end of FY2003?
- How many SRS offices did the SRS have at the beginning of FY2003, and how many offices and where located is the SRS planning to close to cut operating costs by the end of FY2003?
- How many programs have been cut or reduced during FY2003 in order to reduce operating costs?
- How many employees have been laid-off during FY2003 in order to reduce operating costs?

Attachment 1  
AHS @ 1-16-03



# SRS Mission and Vision

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Mission: To Protect Children and  
Promote adult Self-Sufficiency

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

# Kansas Department of Social and Rehabilitation Services



Agency Overview  
For  
House Health and Human Services  
Committee

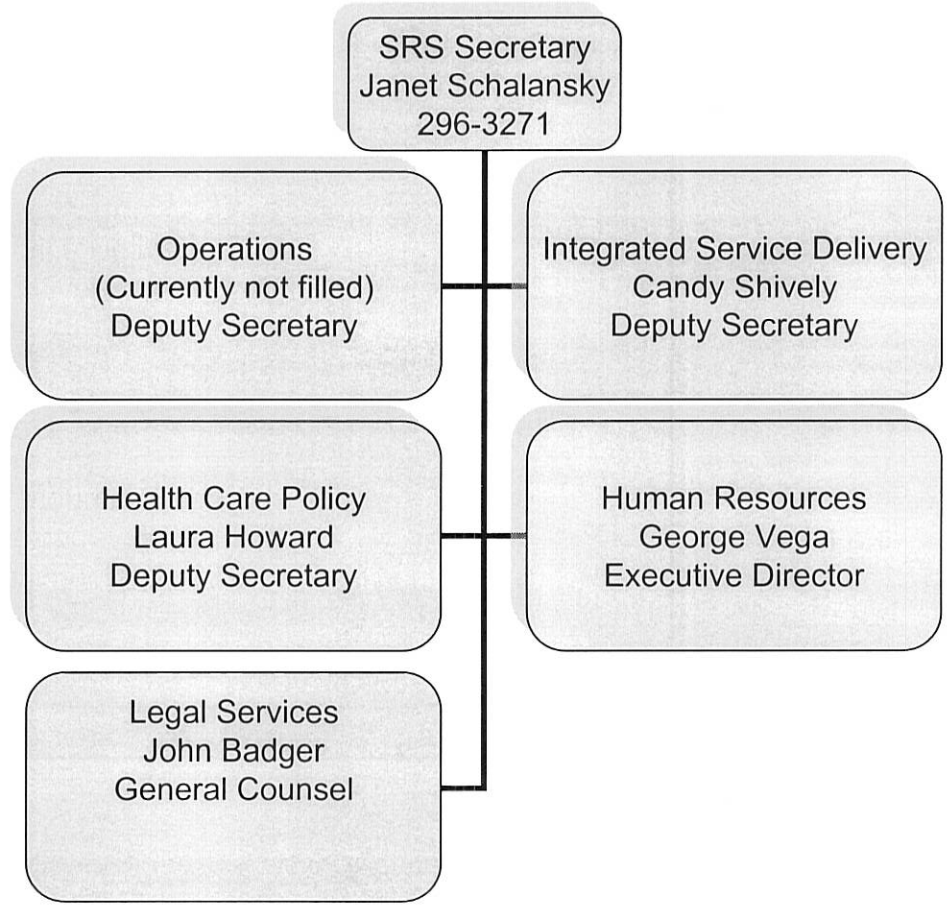
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Janet Schalansky, Secretary  
January 16, 2003

# SRS Guiding 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

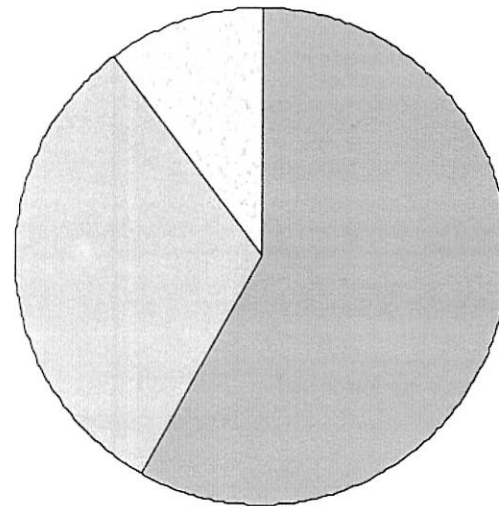
# Kansas Department Of Social And Rehabilitation Services



# SRS Expenditures by Revenue Source

FY 2002 Actuals

<u>Other State Funds</u>	
Fee Funds	\$55.2
Intergovernmental Transfer	103.7
Children's Initiative Fund (Tobacco)	19.7
Hospital Fee Fund	7.5
State Building Fund	3.6
Other	4.3



- Federal Funds \$1.2 billion (60.2%)
- State General Funds \$600.8 million (30.1%)
- Other State Funds \$194.0 million (9.7%)

**Total \$2.0 billion**

(Totals may not add due to rounding)

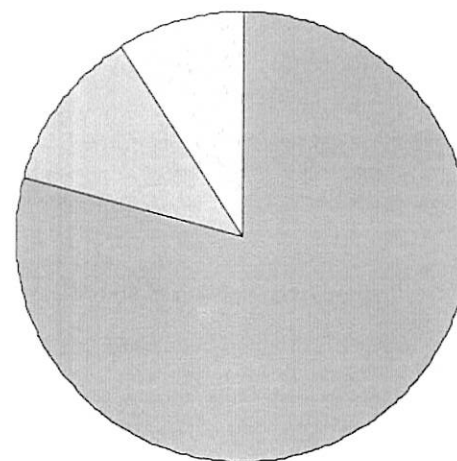


# SRS Expenditures By Category

FY 2002 Actuals

Direct Assistance, Grants & Benefits

Medical Assistance	\$840.1
Developmental & Physical Disability Services	305.4
Children & Family	180.3
Mental Health	84.9
Child Care & Employment	58.8
Cash Assistance	55.0
Substance Abuse	17.0
Rehabilitation Services	21.5
Other	14.7



- Direct Assistance, Grants and Benefits \$1.58 billion (79.2%)
- Direct Service Delivery \$234.7 million (11.8%)
- Administration \$180.9 million (9.1%)

**Total \$2.0 billion**

(Totals may not add due to rounding)

# 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 Services	\$21.5
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



**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	16,161
Child Support Collections	152,204
Food Assistance	131,723
General Assistance	3,152
Low Income Energy Assistance	31,834
Rehabilitation Services	7,859
Temporary Assistance for Families (TAF)	34,453
TAF Employment Services	11,342

average per month

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# Summary of Persons Assisted

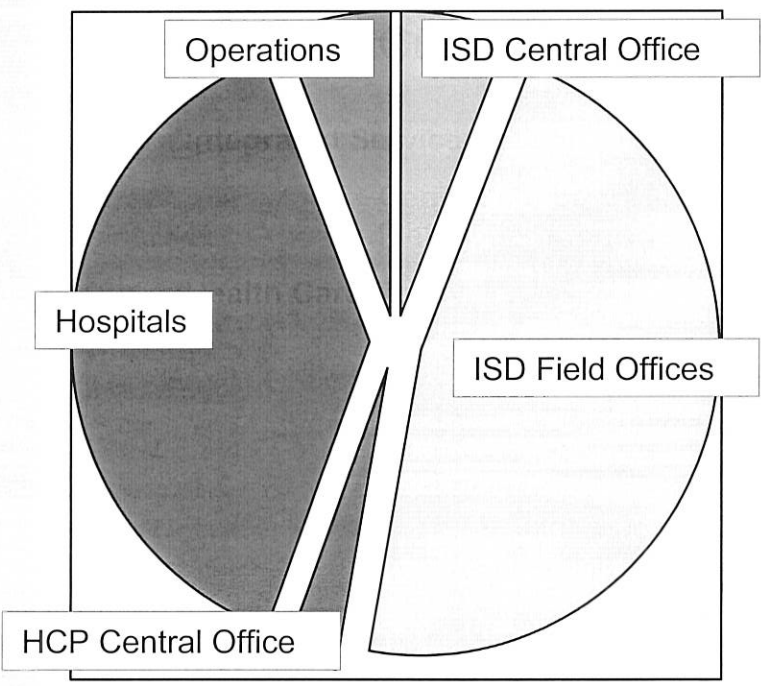
<u>Health and Medical Services</u>	<u>SFY 2002</u>
State Mental Retardation Hospitals	375
Developmental Disability Services	8,876
Mental Health Services	24,726*
Physical Disability Services	4,875
State Mental Health Hospitals	431
Substance Abuse Treatment and Recovery	14,111
Health Care Services:	
People 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



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# SRS Employee Count



## Currently Filled FTE

<b>Integrated Service Delivery</b>	
Central Office	339.78
Field Operations	2,675.67
<b>Health Care Policy</b>	
Central Office	161.93
Hospitals	2,191.05
Kansas Neurological Institute	564.20
Larned State Hospital	611.80
Osawatomie State Hospital	388.26
Parsons State Hospital & TC	452.49
Rainbow Mental Health Facility	110.80
<b>Operations</b>	<b>340.06</b>
<small>(Includes Legal, Human Resources, Audit and Consulting Services, Budget, Finance, Public Affairs and Planning and Policy Coordination)</small>	
<b>Total</b>	<b>5,708.49</b>

# Highlights for 2003 Legislative Session

## Legislative Proposals

- Kansas Payment Center Sunset Measure
- Repeal of the Child Support Enforcement 1997 Automatic Sunset Provision
- 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 vacancies will be left open in central office, one in eight vacancies will be left open in the field offices. Also, the state hospitals will proceed with planned workforce reductions.

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# Emerging Issues

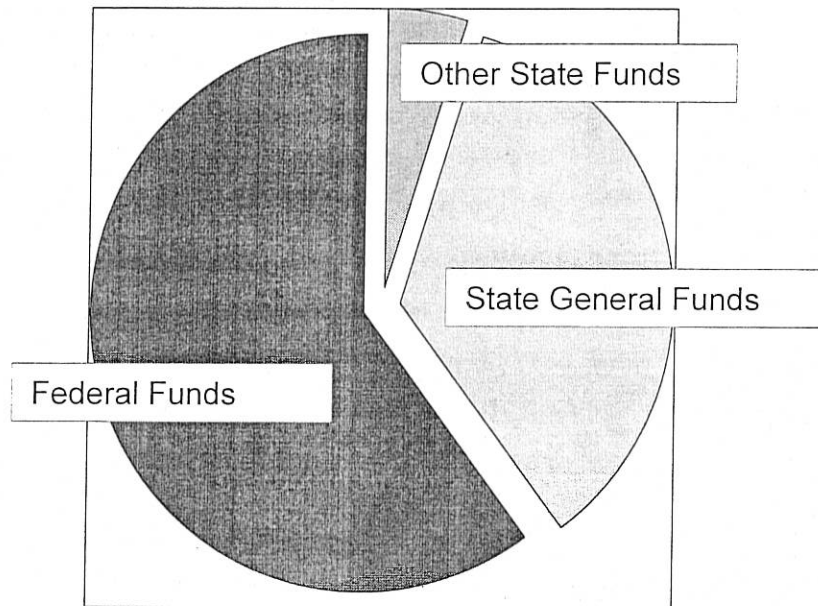
- ❑ **Rising Social Service Caseloads**
- ❑ **Escalating Health Care Costs**
- ❑ **Balancing Demand for Services with Available Funding**
- ❑ **Demographic Changes in Rural Areas**
- ❑ **Maintaining High Staff Morale Through Tough Times**
- ❑ **Managing Programs with Fewer Dollars and Staff**
- ❑ **Federal Reauthorization of Programs:**
  - ❑ TANF
  - ❑ Food Stamps
  - ❑ Child Care



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# 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

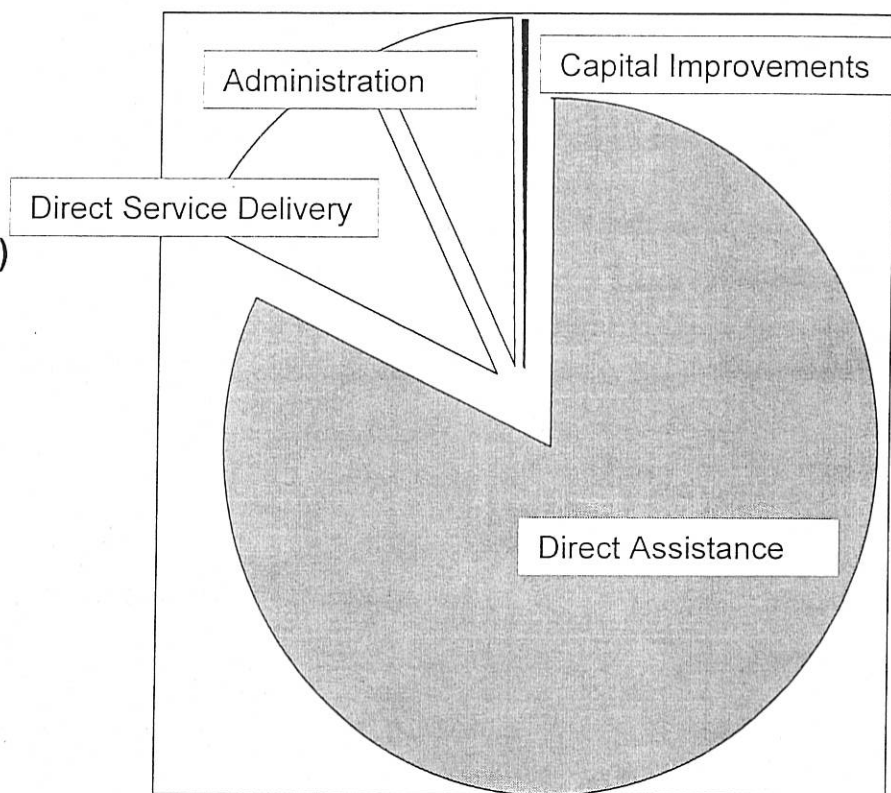
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# SRS Expenditures by Category

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

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

Cash Assistance	\$67.1
Child Care & Employment	\$73.2
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

## Highlights of the Governor's FY 2003/2004 Budget for SRS:

### The FY 2003 Budget:

- Adds \$18.8 million SGF to fund consensus caseload estimates;
- Does not restore any FY 2003 allotment reductions;
- Does not fund supplemental requests, such as HealthWave caseloads;
- Will require SRS to pend claims to major medical providers for 12 days.

### The FY2004 Budget:

- Funds SRS and Aging caseloads;
- Fully funds the HealthWave caseloads, doubles instead of triples premiums, and retains current eligibility and benefits;
- Restores child care eligibility to 185 percent of federal poverty level;
- Added funding to help move the DD and PD waiting lists. SRS still expects waiting lists to grow in the next year;
- Optional medical services – restored funding to pay for vision, audiology, and incontinence supplies;
- Protected Income Level – raised the level of income a person may receive each month and still qualify for services back to \$716;
- Restores Early Head Start grant funds;
- Provides for Medicaid insurance coverage for children aging out of foster care;
- Delays implementation of General Assistance/MediKan 24-month time limit by six months to January 2004;
- Assumes SRS office closure/service redesign plan is implemented in FY 2003;
- Funds Rainbow Mental Health Facility, which will allow it to remain open beyond July 1, 2003.

### Items that were cut in the FY 2003 allotment that are restored in whole or in part in FY 2004:

- Restores protected income level back to \$716;
- Restores child care eligibility to 185% FPL;
- Restores audiology, vision and incontinence supplies for Medicaid recipients;
- Lowers physical disability waiver level of care score back to 26;

- Fully funds emergency shelter case management services;
- Doubles Health Wave premiums, instead of tripling them;
- Restores rate reductions in HCBS waiver programs;
- Restores Early Head Start Funding;
- Partially restores state aid funds to CMHCs and CDDOs, leaving a \$1.5 million SGF reduction in FY 2004 in each system;
- Restores child welfare family and community services funding to the FY 2002 level;
- Restores the children's SSI advocacy and GA disability advocacy contracts;

Reduced Resources or Base Budget Proposals Not Adopted or Modified by the Governor:

- Provides funding to allow Rainbow Mental Health Facility to remain open after July 1, 2003;
- Preserves current HealthWave eligibility levels and benefit package and fully funds caseload;
- Imposes 24-month GA/MediKan time limit effective in January, 2004 instead of in July 2003 as proposed in our budget and adds resources for intensive case management for persons who might lose coverage;

Additional Investments Recommended by the Governor:

- Funds Medicaid coverage for children aging out of foster care;
- Adds \$3.0 million SGF for the physical and developmental disability waiting lists;
- Funds the parent feels shortfall;
- Funds the sexual predator program census and transition program costs;

Agency Operations and State Employee Issues:

- 1.5% cost of living increase for state employees effective in July 2003;
- Continues to require increased shrinkage in all parts of SRS (central office 17%, field offices 12%).

Reductions which continue or begin in FY 2004:

- Reduced provider reimbursement rates for hospitals, pharmacies, ICF-MRs, child welfare providers;
- Ten percent reduction in family support services for families on the

- developmental disability waiver;
- Limits the number of branded prescriptions that Medicaid recipients can access;
- Tightens eligibility for TransMed program to require reapplication at six months;
- Continued growth in HCBS waiting lists, despite addition of some new resources;
- Prior authorization of Cox II Anti-Inflammatory Drugs;
- Reductions in medical transportation;
- Continues grant and contract reductions throughout the department;
- CDDO Administration reductions;
- SRS administrative, staffing and operating reductions;
- CMHC and CDDO state aid reductions;
- CMHC/MediKan rate reductions
- Funds SRS and Aging caseloads;
- Fully funds the HealthWave caseloads, doubles instead of triples premiums, and retains current eligibility and benefits;
- Restores child care eligibility to 185 percent of federal poverty level;
- Added funding to help move the DD and PD waiting lists. SRS still expects waiting lists to grow in the next year;
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- Restores Early Head Start grant funds;
- Provides for Medicaid insurance coverage for children aging out of foster care.
- Delay in implementing General Assistance/MediKan 24-month time limit by six months to January, 2004;
- Assumes SRS office closure/service redesign plan is implemented in FY 03;
- Funds Rainbow Mental Health Facility, which will allow it to remain open until July 1, 2003.



List of Attachments:

- A: Child Welfare Contractors
- B: Child Welfare Regions (January 2003)
- C: Child Welfare Public Private Partnership
- D: SRS Position Management  
FTE - Beginning of FY 2003 and  
January 4, 2003
- E: Graph of SRS FTEs
- F: SRS 2003 Approved Budget  
Detailed Schedule of Policy Changes
- G: August and November 2002 Allotment  
Reductions to the FY 2003 Approved Budget
- H: Offices Targeted for Closure

# Child Welfare Contractors

(Updated: January 14, 2003)

Attachment A

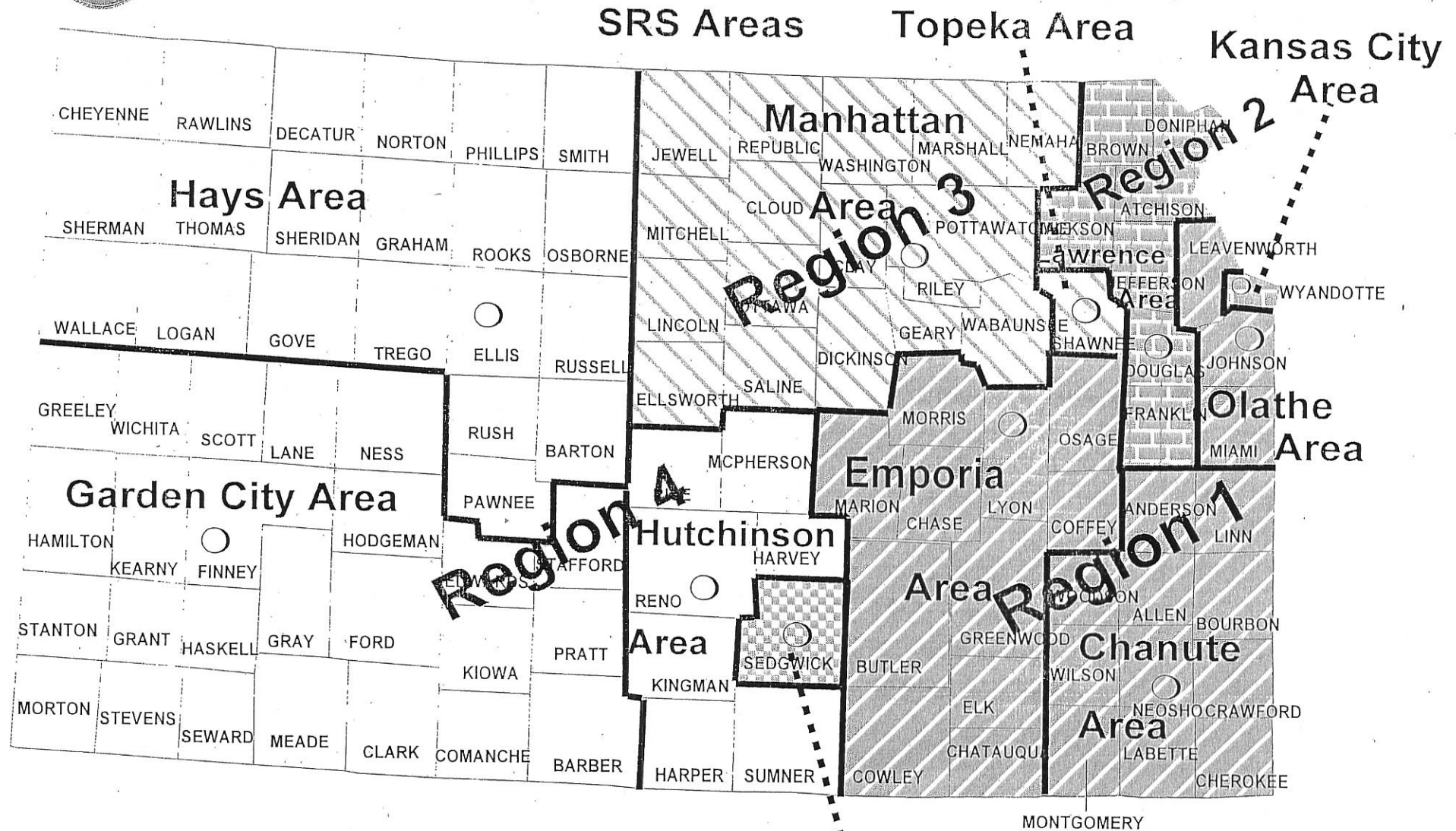
Family Preservation Contractors	Adoption Contractor	Foster Care Contractors
<p><b>REGIONS 1, 2, 3:</b> Bruce H. Beale, Exec. Dir. DCCCA, Inc. 3312 Clinton Parkway Lawrence, KS 66047 <b>Phone:</b> (785) 841-4138 <b>FAX:</b> (785) 841-3642</p> <p>Chanute Emporia Olathe Kansas City Lawrence Topeka Manhattan</p>	<p>Joe Whitaker, Interim Executive Director Kansas Children's Service League P. O. Box 517 Wichita, KS 67201 <b>Phone:</b> (316) 942-4261, Ext. 274 <b>FAX:</b> (316) 943-9995</p>	<p><b>Region 1:</b> Peggy Martin, President/CEO Chanute The FARM Emporia P. O. Box 2224 Olathe Emporia, KS 66801 <b>Phone:</b> (620) 343-6111 <b>FAX:</b> (620) 343-1398</p> <p><b>REGION 2:</b> B. Wayne Sims, President/CEO Kansas City Kaw Valley Center, Inc. Lawrence 759 Vermont Kansas City, KS 66101 <b>Phone:</b> (913) 621-4641, Ext. 353 <b>FAX:</b> (913) 621-5730</p> <p><b>REGION 3:</b> Joe Whitaker, Interim President/CEO Topeka Kansas Children's Service League Manhattan P. O. Box 517 Wichita, KS 67201 <b>Phone:</b> (316) 942-4261, Ext. 274 <b>FAX:</b> (316) 943-9995</p>
<p><b>REGION 4:</b> Rev. Edward Fellhauer, CEO. Garden City Saint Francis Academy, Inc. Hays 509 East Elm Street Hutchinson Salina, KS 67401 <b>Phone:</b> (785) 825-5229 <b>FAX:</b> (785) 825-5367</p>		<p><b>REGION 4:</b> Rev. Edward Fellhauer, CEO Garden City Saint Francis Academy, Inc. Hays 509 E. Elm Street, P.O. Box 1520 Hutchinson Salina, KS 67401 <b>Phone:</b> (785) 825-5229 <b>FAX:</b> (785) 825-5367</p>
<p><b>REGION 5:</b> Bruce H. Beale, Executive Dir. Wichita DCCCA, Inc. 3312 Clinton Parkway Lawrence, KS 66047 <b>Phone:</b> (785) 841-4138 <b>FAX:</b> (785) 841-3642</p>		<p><b>REGIONS 5:</b> John Francis, President/CEO Wichita United Methodist Youthville, Inc. P. O. Box 210 Newton, KS 67114 <b>Phone:</b> (316) 283-1950 <b>FAX:</b> (316) 283-9540</p>

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# STATE OF KANSAS

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- Region 1 = Olathe, Chanute, Emporia
- Region 2 = Kansas City, Lawrence
- Region 3 = Topeka, Manhattan
- Region 4 = Hutchinson, Hays, Garden City
- Region 5 = Wichita

○ SRS Area Office

Health and Human Services Committee  
January 16, 2003

Child Welfare Public Private Partnership

**WORKER/CASE RATIO:**

Each contract sets a limit on the number of cases one worker may be assigned. Family Preservation (FP) staff are limited to ten (10) cases. Foster care (FC) and adoption (AD) staff may have up to twenty five (25) cases each.

**STAFF QUALIFICATIONS:**

Family preservation and foster care contracts require the Case Manager/Specialist must be a licensed professional with one of the following qualifications: Licensed Bachelor's Degree Social Worker (LBSW); Licensed Master's Degree Social Worker (LMSW); Licensed Master's Psychologist (LMP); Licensed Marriage and Family Therapist (LMFT); or Licensed Professional Counselor (LPC). The adoption contract requires a Licensed Bachelor's or Master's Degree Social Worker.

**CONTRACT FUNDING:**

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
FP	5,009,226	8,820,323	9,706,962	11,646,147	11,793,765	10,554,275	10,113,118
FC	24,684,823	68,351,173	111,939,355	84,365,918	94,039,453	91,940,259	89,954,320
AD	7,068,807	9,899,778	25,708,098	21,876,347	40,304,937	28,156,398	33,921,790

**CONTRACTOR OPERATIONS:**

Each contractor is different but all have a variety of services available to serve communities in Kansas and, sometimes, other states. DCCCA, for example, is a diversified corporation with programs in Family Preservation, Corrections, Drug and Alcohol and Traffic Safety. Family Preservation Contracts contribute 41% of DCCCA's income.

**NUMBERS OF CHILDREN SERVED:**

	Transition	1997	1998	1999	2000	2001	2002	2003
FP *	0	1,832	2,452	2,849	3,436	3,812	2,731	2,603
FC	3,466	3,407	4,247	4,512	3,996	3,675	3,436	3,103
AD	730	909	1,013	1,271	1,440	1,510	1,569	1,618

\*1996 was the first year of providing Family Preservation Services through the Public/Private Partnership. SRS did not have transition cases in Family Preservation. Subsequent years indicate the number of families referred.

## A Decade in Kansas Child Welfare

- January 1989 - Sheila A. v. Joan Finney (89-CV-33) filed in Shawnee County District Court by Renee Netherton, a local attorney.
- February 1990 - Children's Rights Project of the American Civil Liberties Union filed an amended petition and joined Ms. Netherton in a class action lawsuit.
- 1993 - Settlement agreement for Sheila A. originally received court approval. The agreement was extended twice. The 33 page settlement agreement contained 153 requirements SRS had to adhere to by certain deadlines.
- July 1996 - Family preservation services were privatized. Family preservation is available 24/7 in all 105 counties instead of just 44 counties. The privatization contracts contained measurable outcomes for safety, permanency, and well-being.
- October 1996 - Adoption services are privatized.
  - In 1996 Kansas finalized 292 adoptions. 1997 thru 2002 Kansas averaged 530 adoptions per year.
  - In 1996 1,322 children received adoption subsidy. In FY 2003 it is estimated over 4,384 children will receive adoption subsidy.
  - The dissolution rate for adoptions in Kansas is 2.4 percent compared with 12 percent nationally.
  - Adoption workers are available to families 24/7.
- February 1997 - Foster care services are privatized.
  - In 1996, on the average, 4,674 children were in foster care out of home placement on any given day. Today 3,057 children, a decline of 1,617, are in out of home placement.
  - Foster care workers are available to families 24/7.
  - Foster parents go from receiving \$10.12 a day to \$18 - \$20.
  - Today 85% of children in need of care are in family foster homes rather than group homes or institutions. Two years ago it was 67%.
  - In Kansas 8% of the children who enter foster care are re-entering the system; nationally it is 22%.
  - 70% of the children in foster care are in their home or contiguous county.
  - Child abuse / neglect substantiations went from 11%, well below the national average to 28%. Thirty percent more child protective service workers are doing investigations.
- April 1997 - A Task Force is formed by Judge James Buchele, the Shawnee County District Court Judge originally assigned the case. The goal was to bring SRS into substantial compliance with the settlement agreement within a reasonable time.

- June 30, 2002 - "Kansas child welfare services is now the first statewide system to successfully exit a settlement agreement, said Susan Lambiose, an attorney with the children's advocacy group, Children's Rights Inc. (CRI). And it has done so largely because of a high degree of accountability and openness..." Child Protection Report, July 4, 2002
- August 2001 - Kansas is the first state in Region VII to undergo the Child and Family Services Review. In September 2002 the state Program Improvement Plan (PIP) is approved.
- September 2002 - Kansas is the first state to pass the Title IV-E Secondary Review by the federal government.

SRS Position Management  
FTE  
Beginning of FY 2003 and January 4, 2003

Attachment D

*FTE - Beginning of FY 2003 (June 21, 2002)*

Agency	Total	Filled	Vacant
629	4,038.01	3,616.51	421.50
410 - LSH	725.20	614.70	110.50
494 - OSH	477.35	413.26	64.09
555 - RMHF	127.80	113.95	13.85
507 - PSH	507.99	464.89	43.10
363 - KNI	655.50	577.70	77.80
<b>TOTAL SRS</b>	<b>6,531.85</b>	<b>5,801.01</b>	<b>730.84</b>

*FTE - As of January 4, 2003\* Does not include layoff of PRC staff which will be effective February 1, 2003*

Agency	Total	Filled	Vacant
629	4,048.01	3,580.94	467.07
410 - LSH	725.70	611.80	113.90
494 - OSH	477.15	388.26	88.89
555 - RMHF	126.80	110.80	16.00
507 - PSH	507.99	452.49	55.50
363 - KNI	644.00	564.20	79.80
<b>TOTAL SRS</b>	<b>6,529.65</b>	<b>5,708.49</b>	<b>821.16</b>

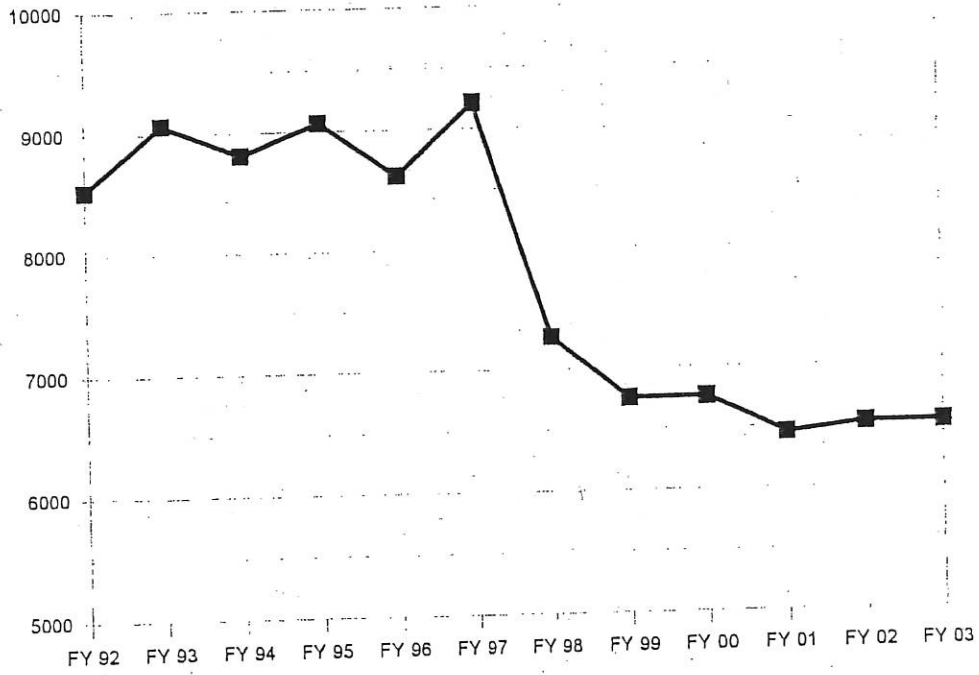
It is important to note that layoffs at SRS will be determined and implemented throughout the year. If we can meet our budgetary requirements, we will try to avoid layoffs. Some of the steps SRS has taken to reduce the number of layoffs which may occur include:

- Imposition of a soft hiring freeze over the last year;
- Imposition of a hard hiring freeze in November 2002;
- As the chart on the following page shows, since 1992, budgeted FTE have been reduced at SRS from 9,000 to approximately 6,000. Although this reduction was due in part to privatization, transfers to other agencies and hospital closures, we have reduced about 330 positions in the field, central office and institutions over the past two years.
- The SRS Central Office shrinkage rate in FY 2002 was 7.25% and in FY 2003 it is 17%. This will result in one out of every six positions remaining vacant. The SRS Field Office shrinkage rate in FY 2002 was 7.25% and in FY 2003 it is 12%. This will result in one out of every eight positions remaining vacant. The hospitals have not increased their shrinkage but are imposing additional workforce reductions and keeping one out of nine positions vacant.
- Approximately one-third of the November allotment reductions imposed by SRS involved administrative cuts.



# SRS FTE

FY 1992 - FY 2003 Approved



The SRS 2003 Approved Budget  
Detailed Schedule of Policy Changes

Attachment

Description	FY 2003 (in millions)	
	SGF	AF
<i>Reduction in Service Areas</i>		
<p style="text-align: center;">Pharmacy and Care Management changes</p> <p>Reduce pharmacy reimbursement</p> <ul style="list-style-type: none"> <li>• <i>Who it will affect</i> - Pharmacists</li> <li>• <i>How will it affect them</i> - Reduction in reimbursements to the pharmacists will result in a lower profit margin estimated at 5%</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul> <p>Increase co-pay for pharmaceuticals</p> <p>Raises the current co-pay per prescription from \$2 to \$3.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - Approximately 56,000 Kansas medicaid recipients will be charged a higher pharmaceutical co-pay</li> <li>• <i>Who it will affect</i> - It will affect the amount paid by the consumer through co-pay.</li> <li>• <i>How will it affect them</i> - Consumers co-pay will raise from \$2 to \$3 per prescription.</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul> <p>Drug Formulary Changes</p> <p>Begin a preferred formulary</p> <p>Prior authorization within a preferred formulary</p> <p>A group of knowledgeable clinicians will develop a formulary of the best priced equally effective drugs. Drugs not on the preferred formulary, excluding mental health drugs, will require prior authorization.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - Approximately 141,500 medicaid recipients.</li> <li>• <i>Who it will affect</i> - <del>Physicians, pharmacists, consumers.</del></li> </ul>	(\$14.1)	(\$35.6)
<ul style="list-style-type: none"> <li>• <i>How will it affect them</i> - Implementation will create a preferred formulary of drugs reimbursed by Medicaid to encourage the use of lesser priced drugs when they are capable of producing the desired effect.</li> <li>• <i>When will it happen</i> - October 1, 2002</li> </ul> <p>Care Management</p> <ul style="list-style-type: none"> <li>• Drug Utilization Review in Nursing Facilities</li> <li>• Nurse Case Management for disease management</li> </ul> <p>SRS will contract with a managed care entity to provide disease and utilization management for persons with chronic conditions. Persons served in long term care programs and accessing multiple prescriptions will be profiled for better management.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - Approximately 74,000 Kansans.</li> <li>• <i>Who it will affect</i> - Those persons receiving multiple prescriptions and persons with chronic conditions.</li> <li>• <i>How will it affect them</i> - Will provide better medical management of chronic long term conditions.</li> <li>• <i>When will it happen</i> - Drug Utilization Review - January 2003; Nurse Case Management for disease management - October 2002</li> </ul>		

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17

Description	FY 2003 (in millions)	
	SGF	AF
<p><b>Limit length of General Assistance (GA) and MediKan to 24 months</b> Presently, General Assistance adults, who may receive medical assistance through the MediKan program, receive financial and medical assistance indefinitely, until they qualify for federal disability benefits. This change would limit their assistance to 24 cumulative months, except for those who meet hardship criteria. The total number of hardship clients is limited to 20 percent of the average monthly caseload. Savings through the time limitation would not occur until June 2004.</p> <ul style="list-style-type: none"> <li><i>Number of people affected by area</i> - No Kansan will lose benefits for two years.</li> <li><i>Who it will affect</i> - The provision would affect adults with disabilities and no dependent children. These Kansans have few, if any, means of support and are ultimately denied federal disability determination.</li> <li><i>How will it affect them</i> - The provision will affect those Kansans whose disabilities are not severe enough to meet the federal disability criteria, and who therefore depend on assistance from SRS.</li> <li><i>When will it happen</i> - The time limit policy will be in place on July 1, 2002. The first clients to reach the 24-month limit would do so in June 2004.</li> </ul>	0.0	0.0
<p align="center"><b>Physically Disabled (PD) Waiver</b></p> <p><b>Eliminate enhanced transportation for those on PD and Frail Elderly (FE) waivers and non-emergency medical transportation</b> This change reduces the transportation benefits provided to Kansans in the HCBS waivers for persons who are frail elderly or physically disabled to the level provided to other adult Medicaid beneficiaries.</p> <ul style="list-style-type: none"> <li><i>Number of people affected</i> - Approximately 1,019 Kansans will lose this service.</li> <li><i>Who it will affect</i> - It will affect Kansans served through the Physically Disabled (PD) and the Frail Elderly (FE) waivers. This change will also affect the waiver service providers and non-ambulance transportation providers.</li> <li><i>How will it affect them</i> - Alternate transportation will have to be arranged or alternate sources of funding will have to be used. Some non-essential trips may be eliminated.</li> <li><i>When will it happen</i> - July 1, 2002</li> </ul>	(0.5)	(1.2)
<p><b>Reduce attendant care wages on the PD Waiver</b> The maximum rate for self directed personal care attendant services and non-self directed personal care attendant services has been reduced. Self directed attendant care is a service wherein the waiver recipient is the employer of the personal care attendant. The maximum rate will be \$11.94 which is a 2.8% reduction from the weighted average rate charged by the Centers for Independent Living (CILs). Non-self directed attendant care is care directed by an agency. The maximum rate will be \$12.82 which is a 3.3% reduction from the current maximum.</p> <ul style="list-style-type: none"> <li><i>Number of people affected</i> - 3,740</li> <li><i>Who it will affect</i> - Attendant care staff, Home Health Agencies and nursing facilities.</li> <li><i>How will it affect them</i> - Reduced wages may make it harder to find attendants and Home Health Agencies may no longer provide personal care attendant services of either type because the lower reimbursement level may not meet their costs. This could result in a rise in Nursing facility admissions.</li> <li><i>When will it happen</i> - January 1, 2002</li> </ul>	(1.3)	(3.4)

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1-20

Description	FY 2003 (in millions)	
	SGF	AF
<p>Improve administration and management of Home Health services To effect more controls on access to Home Health services new codes will be developed, reasonable limitations on access to services will be implemented, skilled nurses will no longer administer common medications and prior authorization will be require for all HCBS waiver consumers newly requesting home health services.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected statewide</i> - 6,000 Kansans</li> <li>• <i>Who it will affect</i> - None of the new safeguards will compromise the vital needs of consumers.</li> <li>• <i>How will it affect them</i> - In some cases, staff who are not skilled nurses will take over providing services; i.e., delivery of common medications.</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul>	(4.7)	(11.9)
<p><b>Nursing Facilities for Mental Health (NFMH)</b> Limit payments for persons in Nursing Facilities for Mental Health to persons with a severe and persistent mental illness Under current guidelines a NFMH serves Kansans who have a severe and persistent mental illness as well as Kansans with other disabilities. This change will limit payment to NFMHs to only Kansans with severe and persistent mental illnesses. This will focus resources on effectively serving persons with mental illness.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - 26 Kansans</li> <li>• <i>Who it will affect</i> - Individuals currently in a NFMH who do not have a severe and persistent mental illness and their families as well as the NFMHs themselves.</li> <li>• <i>How will it affect them</i> - Individuals with other disabilities may need to be served by community programs or regular nursing facilities. This may create financial difficulty for some NFMHs.</li> <li>• <i>When will it happen</i> - May 1, 2002</li> </ul>	(1.8)	(2.5)
<p>Reduce payments to Community Mental Health Centers and psychologists for services to persons living in nursing facilities for mental health. These services are covered in the NFMHs daily per diem rates and, most future services will not be paid directly, but accessed through the per diem rate. Exceptions will be made for trauma situations and for transition services.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - There should be no effect on consumer services.</li> <li>• <i>Who it will affect</i> - Psychologists.</li> <li>• <i>How will it affect them</i> - The route in which these providers receive payment will be altered.</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul>	(1.3)	(1.3)
<p>Reduce Children's Initiative Funds to FY 2002 level - affects SED Waiver (\$0.7 million), Children's Cabinet (\$1.05 million) The Governor had included these enhancements in his budget. This reduction will adjust the amount of money available for SmartStart Kansas and the SED Waiver to the FY 2002 level.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - This reduction would have been enough to serve 83 Kansas children on the SED Waiver.</li> <li>• <i>Who it will affect</i> - Kansas children who are severely emotionally disturbed and families of young children who are at risk of not succeeding in school.</li> <li>• <i>How will it affect them</i> - Might extend the time between application for service and capability to enroll for services on the SED waiver. Enhanced services provided by Smartstart Kansas will not be expanded.</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul>	0.0	(1.9)
<p>Start pilot to collect support payments from parents of children in SRS or Juvenile Justice Authority (JJA) custody Child Support Enforcement (CSE) staff will be added to establish and enforce child support orders for children in SRS or JJA custody.</p> <ul style="list-style-type: none"> <li>• <i>Who it will affect</i> - Parents of children in SRS or JJA custody.</li> <li>• <i>How will it affect them</i> - They will be required to pay child support.</li> <li>• <i>When will it happen</i> - Implementation will occur in the first quarter of FY 2003.</li> </ul>	(0.8)	0.0

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1-29

Description	FY 2003 (in millions)	
	SGF	AF
<p><b>Transfer the funeral assistance program</b> The funeral assistance program was shifted to the Kansas Department of Health and Environment (KDHE).</p> <ul style="list-style-type: none"> <li><i>Number of people affected by area</i> - The estimated funerals for FY 2003 are 880.</li> <li><i>Who it will affect</i> - Because the state will continue to provide this service, no clients will be affected.</li> </ul>	(0.50)	(0.50)
<p><b>Discontinue two child welfare projects through Kansas Legal Services</b> Two projects with Kansas Legal Services were terminated: (1) Permanency in Child Time which provided legal services to children whose child in need of care case had become hung up in the legal system and (2) Mediation Pilot Project which was to test the usefulness of mediation services in diverting children for foster care.</p> <ul style="list-style-type: none"> <li><i>Number of people affected</i> - Permanency in child time received referral for 126 children during FY 2001 The Mediation Pilot project was scheduled to serve 100 families in Sedgwick County.</li> <li><i>Who it will affect</i> - Children who could be maintained in their homes with intervention or who could return home more quickly if the legal issues on their case were resolved.</li> <li><i>How will it affect them</i> - Availability of enhanced legal and mediation services will be reduced.</li> <li><i>When will it happen</i> - Already done</li> </ul>	(0.4)	(0.5)
<p><b>No Funding Added to Reduce Waiting Lists</b> There are waiting lists for the PD Waiver and for Kansans with Developmental Disabilities. No additional funds were added to provide services to those on the waiting lists.</p> <ul style="list-style-type: none"> <li><i>Number of people affected</i> - 1,119 Kansans on the PD Waiver list and 709 on the DD services list.</li> <li><i>Who it will affect</i> - Kansans with physical and developmental disabilities.</li> <li><i>How will it affect them</i> - Unless they are in crisis they will not receive services until a slot opens for them. Some may end up in an nursing home or institution.</li> </ul>	0.0	0.0
<b>Administrative Reductions</b>		
<p><b>Administrative reductions</b> Due to lower revenues, the following administrative reductions were made:</p> <ul style="list-style-type: none"> <li>Reduction in Information Technology contracts</li> <li>Medicaid Management Information System(MMIS) contract</li> <li>One-year moratorium on all office furniture/equipment purchases</li> <li>10% reduction in purchasing contracts for general supplies</li> <li>40% reduction in out of state travel expenditures</li> <li>10 % reduction in private vehicle reimbursement for in-state travel</li> <li>Extend moratorium on employer contributions for Kansas Public Employees Retirement System (KPERs) Death and Disability Fund</li> <li>Eliminate all on-call temporary services</li> <li>One-year moratorium on vehicle purchases</li> <li>Fund half of longevity bonus payments - agencies would have to fund remainder within existing resources</li> <li>Limit all salary bonuses to \$1,000</li> <li>Freeze of lease purchase agreements</li> <li>Elimination of 2 full-time equivalent (FTE) positions</li> <li>Reduction of Funeral Program</li> </ul>	(5.2)	(16.7)

Description	FY 2003 (in millions)	
	SGF	AF
<p>Increase Children's Initiative Fund (CIF) expenditures for immunization outreach and children's mental health services</p> <p style="padding-left: 40px;">Increase CIF for children's programs. (0.0) (2.0)</p> <p style="padding-left: 40px;">Increase CIF for immunization outreach. (0.0) (0.5)</p> <p>Adds \$2.0 million CIF for grants to children's mental health service providers to develop programs for children in under-served areas. Also adds \$0.5 million CIF for immunization outreach. Available mental health services and community outreach will increase with these funds.</p> <ul style="list-style-type: none"> <li>• <i>Who it will affect</i> - Children being served by the CMHCs and their families.</li> <li>• <i>How will it affect them</i> - These children and their families will have increased access to community based services.</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul>	0.0	2.5
<p>Restore some PD Waiver funding</p> <p>This funding would allow for no disruption of services for Kansans currently receiving services through the PD Waiver.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - 3,885 Kansans</li> <li>• <i>Who it will affect</i> - Kansans currently receiving services through the PD waiver.</li> <li>• <i>How will it affect them</i> - No disruptions in service.</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul>	1.0	2.5
<p>Add Staffing in the Sex Predator Treatment Program (SPTP)</p> <p>This increase in the FY 2003 budget funds the 29 FTE added in FY 2002 to address the rising demand for SPTP services but does not fund the additional 27 direct care staff requested for FY 2003. This funding also provides for contract services to establish a transitional release treatment program to assure that SRS is able to place a person in transitional release as required by Kansas Statutes Annotated ( K.S.A.) 59-29a10.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - Projected to be at 95 residents by the end of FY 2003</li> <li>• <i>Who it will affect</i> - Residents of the Sexual Predator Treatment Program.</li> <li>• <i>How will it affect them</i> - The additional staff will assist SRS to effectively treat and supervise residents in the SPTP program.</li> <li>• <i>When will it happen</i> - January 1, 2002</li> </ul>	1.0	1.0
<p>Kansas Payment Center (KPC) contract increase</p> <p>The KPC was required by the 2001 Legislature to make a number of changes to their systems to improve customer service. The increased costs reflect the renegotiation of the contract to fund these improvements.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - 170,000 transactions per month are processed by the KPC.</li> <li>• <i>Who it will affect</i> - Anyone having a child support order in Kansas</li> <li>• <i>How will it affect them</i> - Access to and the understandability of KPC information will be improved and payment processing facilitated.</li> <li>• <i>When will it happen</i> - Changes have been phased in as system development has been completed.</li> </ul>	1.1	2.4
<p>Managing the Prescription Drug Program for the AIDS Drug Assistance Program</p> <p>AIDS drugs will be provided to Kansans that the Department of Health and Environment determine are eligible for the Ryan White Title II program. The Department of Health and Environment will continue to manage all aspects of the Ryan White Title II program except the provision of AIDS drugs which will be handled by SRS.</p> <ul style="list-style-type: none"> <li>• <i>Number of people affected</i> - Approximately 300 Kansans</li> <li>• <i>Who it will affect</i> - Kansans determined eligible for the program</li> <li>• <i>How will it affect them</i> - There should be no discernable effect</li> <li>• <i>When will it happen</i> - July 1, 2002</li> </ul>	0.4	2.2

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1-34



## Provisos

### Community Mental Health Services

*Provided:* That the department of social and rehabilitation services, hereinafter known as the department, in all of fiscal year 2003, shall conduct and pay for community mental health services in the same manner as done in FY 2002. *And provided further,* That the department distribute all additional dollars appropriated by the 2002 legislature above the amount appropriated in the fiscal year 2002 for children's mental health services based on fiscal year 2002 medicaid utilization rates: *And provided further,* That the department may utilize amounts budgeted in regular medicaid for mental health services to assure all community mental health centers have adequate certified match: *And provided further,* That in addition, if the department determines that any community mental health center does not have adequate certified match based on fiscal year 2002 medicaid utilization the department may reallocate existing grant funds based on a proportional share of all existing state fund to minimum extent necessary to assure all community mental health centers have adequate certified match: *And provided further,* That the medicaid rates in effect on February 14, 2002, remain in effect for the balance of fiscal year 2002 and fiscal year 2003: *And provided further,* That the department and the association of community mental health centers of Kansas, inc., shall jointly develop a report on agreed upon methods for continuing the existing medicaid rates for fiscal year 2004 that meet all applicable federal laws and regulations and present the plan to the senate committee on ways and means and house committee on appropriations by January 31, 2003: *And provide further,* That any such plan shall also report how the financing plan in fiscal year 2003 is impacting access, service provision and accountability.

### Nursing Facilities for Mental Health

*And provided further,* That the secretary of social and rehabilitation services shall complete a valid resident assessment on each individual residing in the NF/MH facilities with the support of medical assistance funds and identify adequate alternative community services to assure effective care and treatment before such individual is scheduled for discharge from a facility: *And provided further,* That prior to the fiscal year commencing on July 1, 2003, the department of social and rehabilitation services shall not restrict admission to nursing facilities for mental health or remove patients from nursing facilities for mental health who have been diagnosed with a severe and persistent mental illness for who alternative services are not adequate: *And provided further,* That duplicate assessment screens are discontinued after July 1, 2002, so that no more than one assessment is required annually except where significant change has occurred: *And provided further,* That selected professional services denied after February 1, 2002 shall be reimbursed retroactively, and that department of social and rehabilitation services policy shall allow for NF/MH facilities to provide continuation of community services.

### Ryan White Title II AIDS Drug Assistance Program

*Provided:* That, notwithstanding any provisions of any other statute to the contrary, expenditures shall be made by the secretary of social and rehabilitation services from Ryan White title II federal fund for state fiscal year 2003 for the provision of pharmaceuticals in association with the Ryan White title II AIDS drug assistance program of the department of health and environment in accordance with the provision of applicable statutes not in conflict with the provisions of this section: *Provided further,* That the remaining balance of available federal AIDS drug assistance program (ADAP) earmarked funds shall be transferred from the department of health and environment to the department of social and rehabilitation services on July 1, 2002, and credited to the Ryan White title II federal fund: That available federal ADAP earmarked funds shall be transferred from the department of health and environment to the department of social and rehabilitation services and credited to the Ryan White title II federal funds after the beginning of the federal grant fiscal year on April 1, 2002: *And provided further,* That the department of social and rehabilitation services shall provide AIDS drugs assistance to clients eligible under department of health and environment Ryan White title II established eligibility standards in accordance with a drug formulary established by a joint agreement entered into by the secretary of health and environment, the secretary of social and rehabilitation services and the federal health resources and services administration mandated advisory bodies, which is hereby authorized to be entered into: *And provided further,* That the department of health and environment shall continue to administer all Ryan White title II program services other than the provision of AIDS drugs including establishing eligibility standards and coordinating eligible clients with the department of social and rehabilitation services: *And provided further,* That the secretary of health and environment and the secretary of social and rehabilitation services shall enter into an interagency agreement, which is hereby authorized to be entered into, to facilitate the provision of medications under the AIDS drug assistance program by the department of social and rehabilitation services and such agreement shall include, but not be limited to, the following provisions: (1) Provisions relating to coordination for the identification of eligible clients, (2) provisions to provide the federal health resources and services administration required reports, and (3) provisions for joint staff access to appropriate data systems as indicated to provide federally mandated effective clinical quality management, including utilization review for affected clients of the two departments.



Department of Social and Rehabilitation Services  
August 2002 Allotment Reductions  
to the FY 2003 Approved  
(in millions)

Description	FY 2003 Allotment SGF	FY 2003 Allotment All Funds
Reduce Family Preservation services	\$1.00	\$1.01
Reduce Child Support Enforcement contracts	1.55	4.65
Head Injury Waiver	0.60	1.51
Local Office closures, State Hospital staff reductions, and other administrative reductions	0.57	1.14
Medicaid cost avoidance	2.30	5.78
<b>Total</b>	<b>\$6.02</b>	<b>\$14.09</b>

Department of Social and Rehabilitation Services  
November 2002 Allotment Reduction  
to the Submitted Budget  
(in millions)

Description	FY 2003 Allotment SGF	FY 2003 Allotment All Funds
<i>Administration</i>		
<u>Reduced Resources</u>		
Increase SRS Central Office Shrinkage from 7.25% to 17% for FY 03 <ul style="list-style-type: none"> <li>• 1 out of every 6 positions will be kept vacant.</li> <li>• This represents a reduction in workforce.</li> </ul>	(0.84)	(2.31)
Reduce Information Technology contracts & OOE	(1.90)	(5.31)
<u>Additional Reductions to Reach Allotment</u>		
Reduce SRS travel & supply expenditures	(0.18)	(0.49)
Other shifts and Administrative reductions	(1.59)	(0.50)
State Hospital hiring freeze and/or workforce reductions <ul style="list-style-type: none"> <li>• 1 out of every 9 positions will be kept vacant.</li> <li>• This represents a reduction in workforce.</li> </ul>	(0.76)	(0.76)
Reduce State Hospital OOE expenditures <ul style="list-style-type: none"> <li>• Reduce maintenance and upkeep of hospital buildings and grounds and supplies available for administration and resident use.</li> </ul>	(0.75)	(0.75)
Increase SRS Field Office Shrinkage rate from 7.25% to 12% for FY 03	(2.35)	(5.35)

Description	FY 2003 Allotment SGF	FY 2003 Allotment All Funds
<p>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.</p> <ul style="list-style-type: none"> <li>• 1,205 persons on the DD waiver</li> <li>• 1,160 persons on the PD waiver</li> <li>• 42 persons on the Head Injury (HI) waiver</li> </ul>		
<u>Additional Reductions to reach Allotment</u>		
<p>Raise Physical Disability Waiver Level of Care Score to 30 but grandfather those in service</p> <ul style="list-style-type: none"> <li>• 118 of the 674 persons on the waiting list would not qualify for PD waiver services</li> </ul>	(0.05)	(0.12)
<i>Rate Reductions</i>		
<u>Reduced Resources</u>		
<p>Reduce Pharmacy Reimbursement rate to Average Wholesale Price - 13%</p> <ul style="list-style-type: none"> <li>• Reimbursement for branded pharmaceuticals will be reduced from the average wholesale price (AWP) minus 11 percent to AWP minus 13 percent.</li> </ul>	(0.21)	(0.53)
<p>Reduce inpatient acute care hospital reimbursement rate</p> <ul style="list-style-type: none"> <li>• Reduce hospital rates by paying the lessor 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.</li> </ul>	(0.09)	(0.24)
<p>Reduce Medical Transportation reimbursement rate</p> <ul style="list-style-type: none"> <li>• Reduce the base rate paid for Medicaid covered transportation from \$20 per trip to \$10 per trip.</li> </ul>	(0.50)	(1.25)
Reduce Acute Care Hospital rate by 10% from the consensus in FY 03	(0.52)	(1.30)
<u>Additional Reductions to reach Allotment</u>		
Reduce MediKan rate to Community Mental Health Centers	(0.47)	(0.47)
Reduce Foster Care contract rate by 5% (FY03) & 4.4% (FY04)	(1.34)	(1.95)
Reduce Family Preservation contract rate by 2.5%	(0.01)	(0.11)
Reduce Adoption contract rate by 2.5%	(0.25)	(0.36)
Reduce PD Waiver rate 2.5% of the approved	(0.14)	(0.37)
Reduce HI Waiver rate 2.5% of the approved	(0.02)	(0.04)
Reduce DD Waiver rate 5% of the approved	(0.98)	(2.45)
<i>Services</i>		
<u>Reduced Resources</u>		
<p>Limit the Number of Branded Prescriptions covered by Medicaid to five per month</p> <ul style="list-style-type: none"> <li>• The number of branded drugs covered by Medicaid for each person in the program will be limited. Persons on Medicaid and their physicians will need to switch to generics,</li> </ul>	(1.40)	(3.50)

Description	FY 2003 Allotment SGF	FY 2003 Allotment All Funds
▪ 4,500 person will not receive hearing tests or hearing aids		
<b>Total</b>	(26.62)	(49.09)

SRS Offices Targeted for Closure in FY 2003

County	City	Area	County	City	Area
Chase	Cottonwood Falls	Emporia	Lane	Dighton	Garden City
Clay	Clay Center	Manhattan	Lincoln	Lincoln	Manhattan
Clark	Ashland	Garden City	Mitchell	Beloit	Manhattan
Coffey	Burlington	Emporia	Nemaha	Seneca	Manhattan
Comanche	Coldwater	Garden City	Ness	Ness City	Garden City
Ellsworth	Ellsworth	Manhattan	Ottawa	Minneapolis	Manhattan
Grant	Ulysses	Garden City	Republic	Belleville	Manhattan
Gray	Cimarron	Garden City	Stanton	Johnson City	Garden City
Greeley	Tribune	Garden City	Wabaunsee	Alma	Manhattan
Jewell	Mankato	Manhattan	Washington	Washington	Manhattan
Kearny	Lakin	Garden City	Woodson	Yates Center	Chanute

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