Approved: April 22, 2004
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:40 a.m. on March 5, 2004, in Room 123-S of the Capitol.

All members were present except:
Senator David Adkins- excused
Senator David Kerr- excused

Committee staff present:
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:
Senator Anthony Hensley
Dr. Rosemary Chapin, Director, Office of Aging and Long-Term Care, University of Kansas School of Social Welfare
David Wilson, Member of the AARP Kansas Executive Council
Bryce Miller, Treasurer, Older Adult Consumer Mental Health Alliance
Debra Zehr, Vice President, Kansas Association of Homes and Services for the Aging
Cindy Luxem, Kansas Health Care Association
Pamela Johnson-Betts, Secretary, Kansas Department on Aging
Becca Vaughn, Topeka Independent Living Resource Center, Inc.
Dr. William Thomas, Founder, The Eden Alternative
Deanne Bacco, Executive Director, Kansas Advocates for Better Care
Jim Beckwith, Executive Director, North East Kansas Area Agency on Aging

Others attending:
See Attached List.

Bill Introductions

Senator Helgerson moved, with a second by Senator Downey, to introduce a bill concerning gaming; relating to the use of monies therefrom (3rs2042). Motion carried on a voice vote.

Senator Downey moved, with a second by Senator Jordan, to introduce a bill concerning out-district tuition for Washburn University and community colleges (3rs2046). Motion carried on a voice vote.

Chairman Morris referred the following bill to the KPERS Issues Subcommittee:

SB 554--Normal retirement date for KPERS of 95 points

The Chairman opened the public hearing on:

SB 459--Unified aging budget for state agencies

Staff briefed the committee on the bill.

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:40 a.m. on March 5, 2004, in Room 123-S of the Capitol.

Chairman Morris welcomed the following conferees:

Senator Anthony Hensley testified in support of **SB 459**. Senator Hensley explained that he decided to introduce because he felt that seniors deserve a similar type of treatment in the budgetary process as do the children of Kansas. He mentioned that the bill unifies the aging budget for state agencies so priorities can be seen. Senator Hensley noted that this idea was first brought to his attention by the AARP. (No written testimony was submitted.)

Dr. Rosemary Chapin, Director, Office of Aging and Long-Term Care, University of Kansas School of Social Welfare, explained that she was not testifying on behalf of the University of Kansas. Dr. Chapin mentioned that the University of Kansas has no formal position on **SB 459** and she is testifying because she is knowledgeable about these public policy issues. She noted that for the past twelve years she has been doing research on the Kansas long term care system (Attachment 1). Dr. Chapin collaborated with AARP to craft a paper on next steps for community-based long-term care for older adults in Kansas (Attachment 2). She addressed the following topics:

- Long-term care planning and budgeting for older adults lacks coordination
- Kansas needs to develop a unified budget that tracks consumers across service settings
- A unified aging budget can help to build a more balanced system that targets services efficiently and appropriately, within the available resources.

David Wilson, member, AARP Executive Council, testified in support of **SB 459** (Attachment 3). Mr. Wilson explained that the purpose of **SB 459** is not to search for wrongdoing but to serve as a starting point for a collaborative effort toward the betterment of support and services for seniors in Kansas. He emphasized that AARP Kansas drafted the bill because they believed that the lack of long-term care planning and budgeting coordination is a barrier to building community capacity.

Bryce Miller, Treasurer, Older Adult Consumer Mental Health Alliance, testified in support of **SB 459** (Attachment 4). Mr. Miller explained that the Kansas mental health system (public and private) currently under serves the older adult population that have a mental illness. He noted that the system is in no way preparing for the "elder boom" that will hit in force beginning in 2011. Mr. Miller listed several recommendations for legislative action in his written testimony.

Debra Zehr, Vice President, Kansas Association of Homes and Services for the Aging, spoke in support of **SB 459** (Attachment 5). Ms. Zehr mentioned that unified reporting would also reduce confusion and prompt more interagency communication and, hopefully, cooperation in meeting the needs of aging Kansans.

Cindy Luxem, Kansas Health Care Association, testified in support of **SB 459**. Ms. Luxem noted that KHCA believes that a coordinated system for long-term care is necessary to meet the needs of seniors across the state (Attachment 6).

Jim Beckwith, Executive Director, North East Kansas Area Agency on Aging, testified in support of **SB 459** (Attachment 7). Mr. Beckwith explained that on the positive side, such action should give legislators and those in the field of aging a more complete picture of how seniors are being served in Kansas. He noted that on the negative side, it may discover out how poorly we are really doing.

Pamela Johnson-Betts, Secretary, Kansas Department on Aging, testified as a neutral party regarding **SB 459** (Attachment 8). Secretary Johnson-Betts explained that **SB 459** would require state agencies to identify, through the budget process, all programs that provide services for seniors, their families and care givers. She noted that logistically the bill would have little impact on the Kansas Department on Aging. Secretary Johnson-Betts mentioned that other state agencies and the Division of the Budget, however, will be required to compile and analyze budget information in a new way.

Written testimony was received from the following:

Becca Vaughn, Topeka Independent Living Resource Center, Inc. (Attachment 9)

William H. Thomas, Founder, The Eden Alternative (Attachment 10)
Deanne Bacco, Executive Director, Kansas Advocates for Better Care (Attachment 11)

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 459**.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were available to the committee.

Subcommittee budget report on:

Kansas Department on Aging (Attachment 12)

Subcommittee Chairperson Schodorf reported that the subcommittee on the Kansas Department on Aging concurs with the Governor's recommendation in FY 2004 with a notation and concurs with the Governor's FY 2005 recommendations with adjustments and notations. Senator Helgerson presented two Minority Reports.

Senator Schodorf moved, with a second by Senator Downey, to amend the subcommittee budget report on the Kansas Department on Aging, FY 2005, Item No. 4, to add that this topic be studied by an interim committee for any possible recommendations to the 2005 Legislature. Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Helgerson, to further amend the subcommittee budget report on the Kansas Department on Aging regarding FY 2005, Item No. 4, to add that the 2005 Legislature look at this item before doing it. Motion carried on a voice vote.

Senator Helgerson moved, with a second by Senator Schodorf, to defer consideration of Item No. 3c at Omnibus and request that information be provided to the committee. Motion carried on a voice vote.

Regarding page 1 of the Minority Report, Senator Helgerson moved, with a second by Senator Downey, to move the waiting lists that are projected for FY 2005 to fund it at 85 percent for both the Senior Care Act and the HCBS/FE waiver which at approximately $3.4 million State General Fund dollars for the HCBS program and $461,000 for the Senior Care Act which will fund approximately 85 percent of the waiting list. Motion failed. It was noted that the committee understands and is sympathetic and hopes that someday it would not have to agonize over the process of finding dollars to fund these programs.

Senator Salmans suggested adding $25,000 for the Senior Companion Program. Senator Helgerson moved, with a second by Senator Schodorf, to consider adding the $25,000 to the Senior Companion Program, related programs and funding levels at Omnibus. Motion carried on a voice vote.

Senator Barone moved, with a second by Senator Helgerson, to request that the Agency report at Omnibus regarding regulations, rate settings for new Nursing Facilities; consider using same base year cost for new Nursing Facilities. Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Kansas Department on Aging in FY 2004 and FY 2005 as amended. Motion carried on a voice vote.

Copies were distributed by Staff regarding the State General Fund Receipts, July through February, FY 2004 (Attachment 13).

The meeting adjourned at 12:10 p.m. The next meeting is scheduled for March 8, 2004.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST
DATE March 5, 2004

NAME	REPRESENTING
Aaron Dunkel	Budget
Julie Thomas	"
Lisa Becker	SRS
Ed Hitz	Hein Law Firm
Mike Hutchins	KS. Govt. Consulting
Jon Kraus	KS G-ship Prog
Maren Turner	AARP
Karen Cole	Self
Jim Beckwith	NEK-AAA
[illegible]	KACIL
[illegible]	SILCK
Ed Hamilton	AARP
Ernie Pogge	AARP
Mary Tritsch	AARP
Lane Walsh	KDOA
Roxanne Bachlin	KU Office of Aging & Long Term Care
Rosemary Chapin	KU Office of Aging & Long Term Care
Craig Kabel	KS Area Agencies on Aging Assoc.
Pat Lehman	CMD #4
Ernest Lutz	AARP
Cindy Luxem	KHCA
Nancy Pierce	KHCA

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST
DATE March 5, 2004

NAME	REPRESENTING
Dian Pickerell	Midland Hospice & Day Program

March 5, 2004

Senator Stephen Morris, Chair
Senate Ways and Means Committee
Senate Bill 459

Good morning Chairman Morris and Members of the Senate Ways and Means Committee. My name is Dr. Rosemary Chapin and I am the Director of the Office of Aging and Long-Term Care at the University of Kansas, School of Social Welfare. The Office of Aging and Long-Term Care was created to improve social service practice and policy for older adults. Faculty and staff work with the Kansas Department on Aging and the Kansas Department of Social and Rehabilitation Services, as well as a variety of other public and private funders to provide research, training and technical support.

Thank you for this opportunity to discuss the importance of a unified aging budget as proposed in Senate Bill 459. I am not appearing on behalf of the University. The University does not have a formal position on SB 459. Rather, I am testifying because I am knowledgeable and concerned about these public policy issues.

For the last twelve years, I have been doing research on the Kansas long term care system. I have done research on both home and community based services and nursing facility services. A substantial proportion of my research has focused on strategies to help older adults with functional disabilities remain in the community.

In 2003, I collaborated with AARP to craft a paper on next steps for community-based long-term care for older adults in Kansas. I believe this paper has been made available to all of you. The paper focused on the policy changes needed to create a more balanced long term care system that allows older adults with disabilities to remain in the community if that is their choice. In crafting this paper I relied not only on my extensive state specific research but also interviewed key actors in the long term care system across the state. They helped to identify a number of barriers to progress and gaps in the current system. Senate Bill 459 addresses one of those gaps.

Senate Ways and Means
3-5-04
Attachment 1

- **Long-term care planning and budgeting for older adults lacks coordination.**

In Kansas, as in many states, a variety of agencies administer LTC services resulting in delivery structures that are fragmented. At the state level, funding for senior programs is housed in several state agencies including KDOA, SRS, KDHE, KDOT, Department Of Administration and Department of Housing and Commerce. There is a wide array of LTC services provided by the state including home and community based services, tranportation services, ombudsman services, and nursing facility services. At the current time it is not possible to get a true picture of the cost of these services for older adults due to the lack of a unified budget.

Currently, the cost of aging programs and services is not collected by age across all these state agencies. Further, state payment systems for services provided to LTC clients can not track clients across systems and it is very difficult to develop an integrated picture of the costs of long term care. Data management systems also vary among state agencies and are not integrated to follow consumers as they move through the service system. Data are not kept so that they are compatible. Currently it is not possible to track older adults as they access services from a nursing home, senior center, or assisted living. As a result, it is very difficult to understand the entire spending picture.

- **Kansas needs to develop a unified budget that tracks consumers across service settings.**

The cost of aging programs and services needs to be collected by age across state agencies. In order to develop a cost effective long term care system, policy makers need to have a complete picture of current spending. They need to be able to determnine costs for services for older adults over comparable time periods. Currently information is collected by federal fiscal year, state fiscal year, and calendar year by different agencies. If all agencies collected information on a quarterly basis, it would be possible to create reports on comparable time periods. Also, because different agencies have set different ages for eligibility for long term care services, information needs to be linked to the actual age of the client.

Without adequate data to provide a thorough comprehension of the current system, state policymakers cannot effectively plan for the future with a full understanding of the entire spending picture. Greater collaboration and information integration among LTC providers will be crucial to improving the quality and reducing the costs of the LTC system. A comprehensive budget containing all long-term care programs would greatly assist the state in planning to effectively meet the needs of Kansas's older adults. Future demands for LTC services will place great strains on the state budget. Therefore, it is imperative to have the best information available for future planning.

- **A unified aging budget can help to build a more balanced system that targets services efficiently and appropriately, within the available resources.**

As I went about the state interviewing key actors, including private service providers, elder advocates, state agency staff, AAA directors, and private service providers, I found people had been thinking very creatively about how Kansas can reshape its LTC system into one that focuses on community living whenever possible and I included their ideas in my report. Although Kansas has made significant strides in developing community based alternatives, the system is still not balanced. In Kansas, older adults are still entering nursing facilities at higher than the national average. The first step toward shifting capacity and rebalancing our system from an institutional focus to a community focus is assessing the existing system and determining baseline gaps and capacity. A unified budget will help make such an assessment.

Many of the people I interviewed asserted a shared vision, strategic plan, and oversight entity supported by the key stakeholders is critical to continued progress toward a more balanced system. Kansas has a "window of opportunity" because the older adult population is currently increasing more slowly due to low birth rates during the Depression. If policy makers plan effectively now, then Kansas will be prepared when the Baby Boomers begin to require large amounts of long-term care.

Without adequate data to provide an integrated picture of the current system, policymakers cannot effectively plan for the future. They need comprehensive

information on the entire spending picture. Therefore, I respectfully urge you to give favorable consideration to Senate Bill 459 and create a Unified Aging Budget. A unified budget is an important step in building community care capacity.

Thank you for your consideration in this matter.

Dr. Rosemary Chapin
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Director of the Office of Aging and Long Term Care
KU School of Social Welfare
Twente Hall
1545 Lilac Lane
Lawrence, Kansas 66044-3184

Securing Kansas' Future: Next Steps for Community-based Long-Term Care for Older Adults

AARP Kansas
Long Term Care Policy Forum
March 2003

By Rosemary K. Chapin, Ph.D.
Professor
Director, Office of Aging and Long-Term Care
University of Kansas
School of Social Welfare
Lawrence, Kansas

Securing Kansas' Future:
Next Steps for Community-based Long-Term Care for Older Adults

Introduction

Kansas is at the crossroads. Its future security lies in creative planning and financing of long-term care by state policymakers. Between now and 2011, Kansas will experience the most profound age shift in its history as the baby boom generation reaches retirement. As the sheer number of older adults increase substantially in coming years, the state will also experience dramatic growth in consumer demand for community-based services.

During the past decade, Kansas has made progress toward balancing its long-term care system between institutional and community-based services. Much still remains to be done by the state to develop community-based service capacity as evidenced by Kansas continuing to have above average institutional rates for older adults in all age categories. Waiting lists and service reductions to in-home services will only erode the progress made and increase costs overall as nursing facilities becomes the primary care option for low income older adults.

Policies that support an institutional bias are neither cost effective, nor in the best interest of Kansas' older adults. During tight fiscal times, the efforts of senior advocates in monitoring policy changes is even more critical to prevent dehabilitating cuts to the existing community-based service system.

Now, more than ever, Kansas can't afford to go back to its reliance on institutional care. As state revenues decline while the needs of older adults remain constant, efficiency at the system level is critical to ensuring that older adults are being served at the appropriate level now and in the future.

This report will discuss the current system of financing and delivery, the challenges ahead as future demand increases, and reform options to address system gaps. Home and community-based services are the focus as their expansion is the key to developing a balanced system. This report is designed to foster discussion by consumers and advocates of services for older adults as well as inform legislative and regulatory advocacy. The goal is to ensure that older Kansans with long-term care needs will be able to choose home and community-based services.

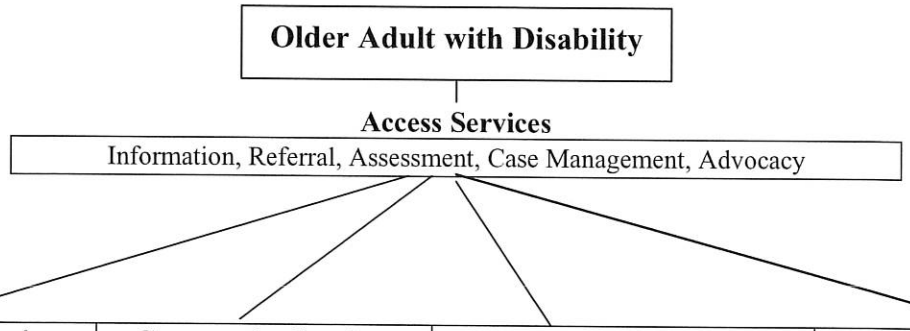
Background

Long-term care (LTC) includes many types of medical and social services for persons with disabilities or chronic illness. Although a chronic physical or mental disability which necessitates LTC assistance may occur at any age, the older an individual becomes, the more likely a disability will develop or worsen. LTC assistance takes place in many forms and settings, including institutional type care in nursing homes or assisted living facilities, home care services, and unpaid care from caregivers. (Fox-Grage et. al, 2001).

Home and community-based services are a part of long-term care and typically are defined as services and supports that assist individuals to remain living within their home or in a community setting. Personal care, chore assistance, nutritional programs, and transportation are examples of community-

based services (Kane et al., 1998). Long-term care services include nursing home as well as home and community-based services as illustrated below.

Figure 1: Comprehensive Array of Long Term Care Services



In-Home Services	Community Services	Specialized Housing	Institutional Care
Personal/Attendant Care	Adult Day Care	Foster/Family Care --Home Plus	Nursing Facilities --Skilled Nursing
Homemaker Service	Transportation	Respite Care	Hospitals --Specialized Long Term Care
Home-Delivered Meals Program	Congregate Meals Program	Assisted Living	Respite Care
Home Repair	Senior Center Activities	Residential Health Care Facilities	Intermediate Care Facility --Adults w/Mental Retardation
Hospice/Home Health Care	Adult Health Education and Fitness	Shared Housing --Boarding Care Homes	Nursing home --Mental Health
Telephone/Visitor Reassurance	Mental Health Center	Supervised Apartments --Independent Living Units	
Companion Programs	Retirement Counseling	Group Homes	
Medical Equipment	Legal Aid	Congregate Living	
Shopping Assistance	Job Counseling & Employment Programs	Retirement Community	

A range of services from institutional to home-based can be purchased by older adults as shown in Figure 1. Even though formal service options exist, researchers estimate that family and friends provide between 80 and 90 percent of LTC (Ladd et al., 1999).

Home and community-based services, such as home health care, personal care, adult day care, respite care, and assisted living facilities have grown as an important component of the long-term care (LTC) system across the nation over the past two decades. In 2000, Medicaid noninstitutional LTC services constituted 25 percent of the total Medicaid LTC expenditures in the U.S., up from about 10 percent in 1998. (Wiener, Tilly, & Alecxih, 2002).

- **A supportive community infrastructure can make the difference.** Many older adults with physical disabilities are able to remain

living in the community with little reliance on publicly funded long-term care services. In fact, a recent longitudinal study of older Kansans who applied for nursing home admission found that individuals who enter the nursing home and individuals who were diverted and stayed in the community many times had similar long term care needs. However, people who were diverted to the community versus entering a nursing home, had available necessary supports such as family, friends, case management, and publicly funded services.

Almost half of the diverted applicants were still in the community after eighteen months. The total annual state cost savings based on actual service data for the diverted customers in the sample is estimated to be $3,135,683.50 (Chapin, Zimmerman, MacMillan, et al, 2002).

People of all ages with disabilities use a variety of LTC services. Approximately 60 percent of public expenditures for LTC are financed through the Medicaid and Medicare programs (GAO, 2001).

Older adults make up the largest group of users, but the majority of public expenditures across the nation are for younger persons with disabilities (CBO, 1999). Nationally, 18.2 percent of Medicaid long-term care spending for older adults and younger persons with physical disabilities is for home and community-based services rather than nursing home services.
In contrast, 37.5 percent of LTC expenditures for people with mental retardation and developmental disabilities are for community-based services (Doty, 2000).

Future Need for Home and Community-Services

Compared to the rest of the nation, proportionally, Kansas has a greater percentage of its population age 65 and 85 years and over than the rest of the nation. In 2000, 13.3% of the older adult population in Kansas was 65 and over compared to 12.4% nationally. Kansas ranked 17th on this indicator in comparison with other states. The oldest age, 85 years and older, are approximately 1.9% of the older adult population in Kansas compared to 1.5% nationally (U.S. Census Bureau, 2000).

- **Baby boomers are reaching older adulthood**. In 2011, the first of the baby boomers born in 1946 will turn 65 years old and become eligible for Medicaid and Medicare and other social services for low-income older adults. Baby boomers are likely to have a disproportionate effect on the demand for LTC because a higher proportion is expected to live to advanced ages, when need is most prevalent. The first baby boomers reach 85 in 2030. Nationally, by 2040, the number of older adults age 85 years and older, the age group most likely to need long-term care services is projected to more than triple from about 4 million to about 14 million.

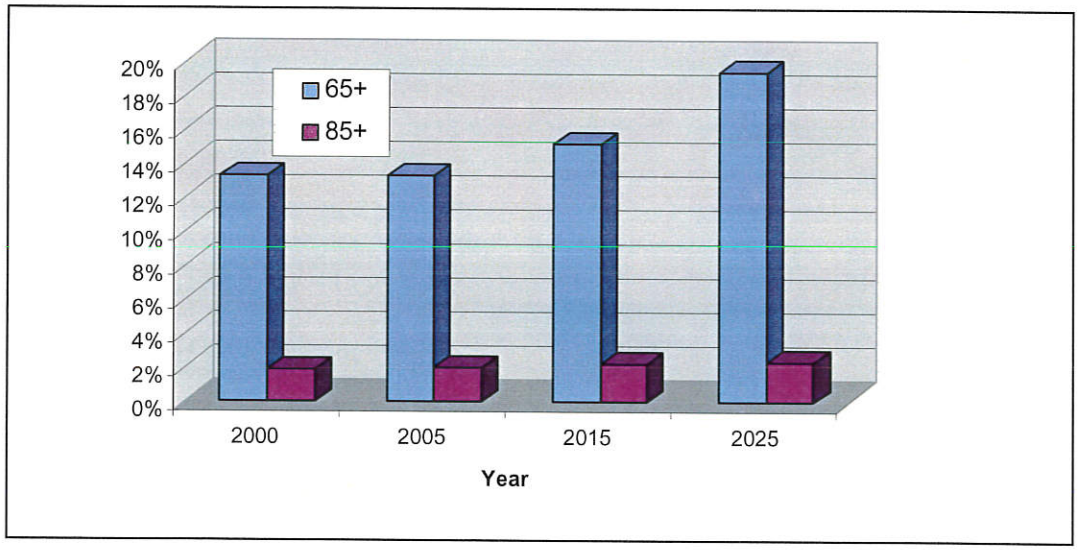
- **The demand for LTC services will expand greatly in coming years**. As illustrated by Figure 2, between 2000 and 2025, the percentage of the population age 65 and over will increase from 13.3% of the population to 19.5%. By 2025, individuals 85+ will increase to 2.3% of the population.

- **Kansas has a higher proportion of older adults**. A large percentage of the 65+ population reside in rural areas of Kansas with with 21 counties having more than 22% of their population 65 years and older (Elder

Count, 2002). Many rural counties have been experiencing a steady decline in total population for decades primarily because of out-migration of the younger people, who leave their hometown to find employment in more heavily, populated areas. In general, rural areas have higher percentages of older adults while urban areas have higher numbers.

The geographical distribution of the 65+ and 85+ also has ramifications for the state's workforce as health care facilities struggle with a shortage of qualified health care workers. Figure 2 illustrates the projected growth of the Kansas elder population.

Figure 2: Growth of Kansas' 65+ and 85+ Populations



Future Need for Nursing Home Care

In 2000, the percent of Kansans age 65 and over residing in nursing facilities was 5.57% while the national average was 4.5%. Figure 3 projects the number of residents in NF care using the 5.57% institutional rate.

Figure 3: Projected Number of Kansans in Nursing Homes in 2025, Assuming Current Rates

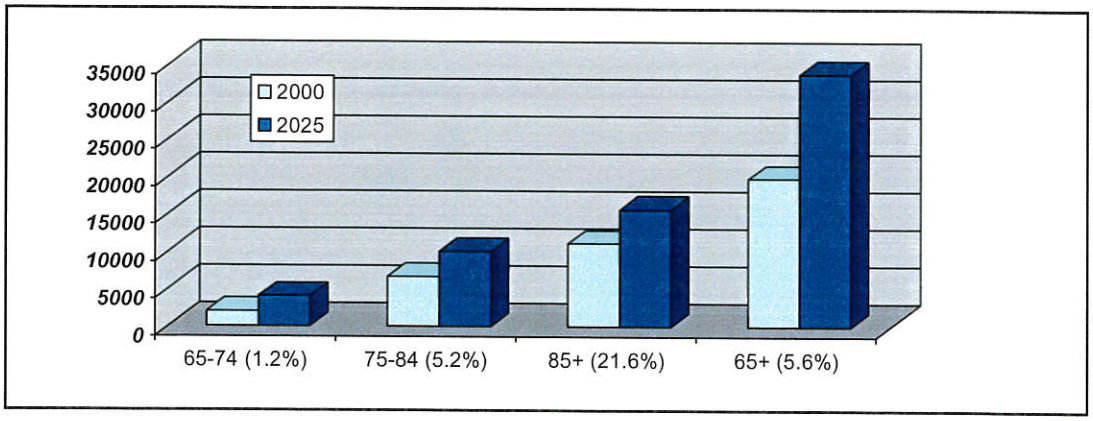


Figure 3 illustrates, if current nursing home residency rates continue, there will be approximately 34,000 NF residents in 2025. A LTC system driven for the next 25 years by institutional-based services is obviously not sustainable due to the large porportion of LTC services financed by public programs.

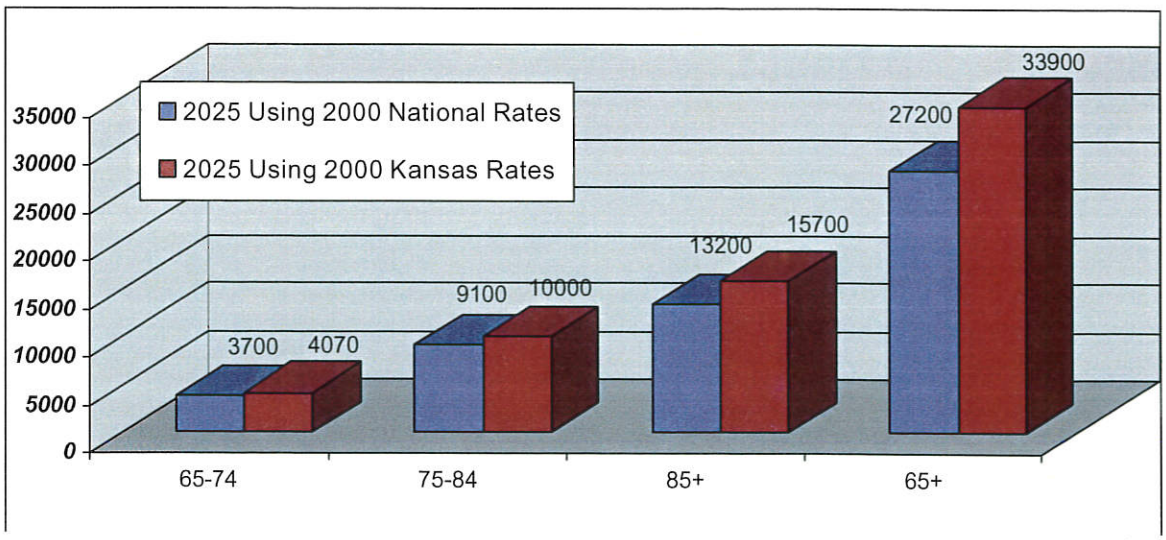
Figure 4 compares the projected number of older Kansans who would reside in nursing facilities in 2025 if Kansas reduces its' institutionalization rate to the current national average of 4.5%. If this reduction were made, 6,700 fewer older adults would be in nursing facilities in 2025.

Reducing institutionalization saves money.

- If current institutionalization rates continue, based on the projected number of nursing home residents in 2025, the total annual cost of nursing home care would be $2,644,200,000. The current average monthly cost for nursing home care in Kansas is $2,310 ($27,700 per year). Based on data provided by the U.S. Bureau of Labor Statistics, the cost of nursing facility care has increased at a rate of approximately 4% per year over the last six years. It is reasonable to assume that the nursing facility inflation rate will continue in the future. Using this rate, the average monthly nursing facility care will be approximately $6,500 ($78,000 per year).

- If the institutionalization rate in Kansas were reduced to 4.5% (2000 national average), in 2025 there would be many fewer older adults residing in nursing facilities. The cost savings in 2025, if Kansas achieved the average national institutional rate, would be **$68,474,000.** It is important to keep in mind that these are savings for just one year, additional savings would accrue each year between now and 2025. It was assumed that approximately half of the older adults who would avoid nursing home placement would receive Medicaid HCBS/FE services instead. A cost savings analysis was conducted based on this scenario. Detailed calculations and assumptions are provided in Appendix A

Figure 4: Projected Number of Kansans in Nursing Facilities in 2025, Assuming Current Kansas and National Rates



Future Need for Personal Care Assistance

It is difficult to precisely predict future increases of older adults with disabilities, given the counterbalancing trends of an increased number of the baby boomers and a possible continued decrease in the prevalence of disability in this generation of older adults.

The need for LTC is measured by assessing a person's need for assistance to perform basic daily activities which are referred to activities of daily living (ADLs) and instrumental activities of daily living (IADLS). According to the 1999 National Long Term Care Survey, approximately one in five adults age 65+ in Kansas currently reports problems with one ADL. For individuals age 85 and over, the porportion with a disability in one ADL increases to 70%.

Using population projections and the current disability rate for individuals with two or more disablities, (20% for 65+ and 41% for 85+), Table 1 demonstrates that even when holding the disability rate constant to 2020, the growing older adult population will result in a significant increase (from 71,000 in 2000 to 103,000 in 2020) in individuals who are 65 and over and have two or more disabilities.

Baby boomers are often described as better educated, more financially secure and a cohort that will demand a wider array of community-based services than previous older populations. However, data from the Kansas Future Retirement Income Assessment Project report presented to the Kansas Long-Term Care Services Taskforce indicated the future retirement income of many aging baby boomers may not be adequate to fund basic costs of living much less more expensive long-term care costs. This report sheds light on the decreasing personal savings of the baby boom generation

These problems will be especially acute for women 85 and over and people of color. It is important to remember that the average recipient of state funded long-term term care services is a low income woman 80+ years of age, and any reforms made will fall primarily on the backs of very old, impoverished women.

Approximately 32% of noninstitutionalized Kansans age 65 and over lived alone in 2000, compared to 30% nationally (U.S. Bureau of the Census, Oct. 2001). Overall the majority of care received in the community is unpaid. In coming decades fewer older adults will have the option of unpaid care because a smaller porportion have a spouse, adult child, or sibling to provide it.

By 2020, the number of older adults expected to be living alone is estimated to reach 1.2 million, almost twice the number without family support in 1990 (GAO, 2001). Clearly, the need for home and community-based services will increase dramatically in the coming years.

Table 1: Estimated Number of Older Adults with Two or More Types of Disabilities (In Thousands)

Age	1993	2000	2010	2020
65+	71	73	79	103
85+	19	22	27	31

Source: U.S. Bureau of Census, Population Projections Branch, Population 65 Years and Over for States: 1993, 2000, 2010, 2020."

Kansas' Long-Term Care System

The Kansas Department on Aging (KDOA) was established in statute in 1977 as a cabinet-level executive agency and the single state agency for administering the federal Older Americans Act funds. Table 2 describes the agency's key programs and services.

In July 1997, the Kansas legislature authorized the transfer of the nursing facility and the frail elderly Medicaid waiver program (HCBS/FE) from the Department of Social and Rehabilitation Services (SRS) to KDOA.

In 2001, the Kansas legislature also directed KDOA to combine all state general fund programs into one program entitled Senior Care Act.

The Department contracts with the State's 11 Area Agencies on Aging to coordinate services in their areas with local providers. After the transfer of Medicaid programs to KDOA, the AAAs went from being advocates and coordinators of services to a primary point of entry for the state's service system. The following table provides an overview of the agency's primary programs within Kansas.

Table 2: Kansas Department on Aging Services

Program	Target Population & Eligibility	Services
Medicaid Home & Community Based Service Waiver for the Frail Elderly (HCBS/FE)	Individuals must be 65 or older and at below the federal poverty guidelines with less than $2,000 in assets. They must also meet Medicaid functional impairment eligibility criteria. Targeted case management is provided to consumers who are eligible for HCBS/FE	• Adult day care • Sleep cycle support • Personal emergency response rental/installation • Wellness monitoring • Respite care • Attendant care
Client Assessment, Referral and Evaluation (CARE)	All ages and the CARE assessment are conducted prior to all individuals entering a nursing facility. There are no income requirement	• Individual assessment & referral to community-based services • The program helps people find appropriate long-term care services and collects data on the need for HCBS.
Nursing Facilities (NF)	KDOA reimburses nursing homes for resident's ages 65 and older whose financial resources and functional impairments meet the requirements for Medicaid eligibility.	• Nursing facilities provide health care and related services to individuals requiring around the clock nursing care that cannot be provided in their own home.
Senior Care Act	Individuals must be age 6o and older and co-payment is required based on sliding fee scale. Case management is exempt from sliding fee scale. Individuals can pay between donation and 100% of the cost. A person must meet the SCA long-term care functional health threshold.	• Provides in-home services which vary by county • Services available in some counties: attendant care, respite care, homemaker, adult day care, and case management • Local matching monies are required for some of the services.
Nutrition Programs	Ages 60 and older and the state in-home program require that individuals are moderately to severely impaired and are homebound.	• Provides congregate, home delivered meals and nutrition education services through the Older Americans Act and state funded in-home nutrition.
Older Americans Act (OAA)	Ages 60 and older and individuals are encouraged to make a confidential contribution.	• Services delivered through the AAAs include information and referral, legal, and adult day care

As illustrated in Table 3, other state agencies also have responsibility for elements of the long term care system. The system is still fragmented and overall the long-term care costs are impossible to determine.

Table 3: State Agencies Responsibilities For Long Term Care System

SRS	KDHE	KS Dept. of Administration	KS Dept. of Transportation.
• SRS determines eligibility for Medicaid Services. • Kansas statutes require certain professionals to report suspected abuse, neglect, and exploitation of adults residing in the community to SRS and the agency must investigate such complaints.	• KDHE licenses and regulates long-term care facilities. • It investigates abuse, neglect and exploitation of adults who are residents of adult care homes and other institutions.	• The Office of the Long-Term Care Ombudsman is located within the Department of Administration. • This program advocates for the health, safety, and rights of the residents of Kansas long-term care facilities.	• The Department is responsible for the statewide transportation system. • It provides planning, design, project development, and financial assistance to local governments for public and senior transportation.

SRS retains responsibility for determining financial eligibility for Medicaid services due to its federal designation as the single state Medicaid agency. The agency is also charged with investigating complaints of abuse, neglect, and exploitation of adults residing in community-based settings.

The Office of the Long-Term Care Ombudsman was moved during Governor Graves's administration from KDHE to the Kansas Department of Administration. The ombudsman acts as an advocate for residents of long-term care facilities to preserve their rights and quality of life.

The Kansas Department of Health and Environment (KDHE) has the responsibility for licensing and regulating the following health care facilities for older adults including nursing facilities, assisted living, residential health, boarding care, Home Plus, and adult day care. KDHE is also required to inspect or survey nursing homes at least once every 15 months In the mid to late 1990s, the Kansas legislature created the following licensure categories: of: assisted living, residential health care, Home Plus and boarding care.

■ **Assisted Living Facility (AL) and Residential Health Care Facility (RHC)** is the licensure category for facilities which provides services for six or more individuals including personal care or supervised nursing care available 24 hours a day. Generally, the skilled services are provided on an intermittent basis. The main difference between an AL unit and RHCs is typically AL's are apartments, whereas RHCs tend to be defined as rooms within a facility.

As the demand for LTC has increased, assisted living options have experienced a 21% increase from 1998 to 2001 (Dobbs-Kepper, Chapin, et. al, 2001). At this point an estimated 5,252 older adults or approximately 1.5% of the state's older adult population reside in these facilities (Chapin, et. al. 2002).

- **Boarding Care Home and Home Plus** are targeted for 10 or more individuals who need supervision but are ambulatory and capable of managing their own care. Home Plus is also identified as adult foster care for not more than five unrelated individuals who may need supervised nursing care. Currently, there are 48 facilities located primarily in urban counties with an average bed size of five. Statewide, Kansas has a total of 230 beds (KDHE, Nov. 2002).

Other state agencies also having responsibility for elements of the long-term care system include the Kansas Department of Transportation which oversees senior transportation, Department of Insurance which operates a senior health insurance counseling program, and the Department of Commerce and Housing which is responsible for developing affordable housing options through incentives such as tax credits.

State Long-Term Care Funding

KDOA is the primary purchaser of long-term care services for older adults in Kansas. For FY 2003, which started July 1, 2002, the Kansas legislature approved a $408.5 million dollar budget for KDOA. The agency was asked to take a 3.9% allotment reduction in November 2002 by Governor Graves as the state dealt with continued revenue shortfalls.

The Medicaid program will receive the majority (90%) of the funds allocated to the agency ($313 million to nursing homes and $54 million to the HCBS/FE waiver). The nursing home budget is estimated to serve approximately 10,975 residents per month at an average cost of $2,288. The approved funding for HCBS/FE will serve an estimated 5,122 older adults per month at an average cost of $883 (KDOA, July 2002).

Currently, the cost of aging programs and services is not collected by age across state agencies nor does Kansas develop a Senior's or LTC budget. In 1992, the Kansas Legislature did create a Children's Budget for planning and informational purposes concerning the state's efforts in meeting the needs of Kansas' children.

The Long Term Care Taskforce was formed two years ago by the Kansas Legislature to facilitate similar interagency coordination and planning that is undertaken with the Children's Budget. The Taskforce is a five-year initiative and includes each of the state LTC agencies as well as aging advocates and consumers of services.

- **Nursing home rates still remain in the bottom quarter of states.** For FY 2003, KDOA was directed to delay implementation of its new rates until later in the fiscal year to ensure it does not exceed its initial budget. Despite an anticipated $313 million dollars for the nursing home reimbursement budget and an anticipated 3.7 percent increase in rates, Kansas still ranks in the bottom quarter of the states in average nursing home rates.

- **Waiting lists initiated for in-home services.** When home and community services such as the HCBS-FE waiver and the Senior Care Act are not fully funded based on caseload projections, waiting lists develop. On April 22nd, 2002, the Department initiated a freeze on new services for the HCBS/FE program due to funding shortfalls. Since its establishment, the 2002 waiting lists for the HCBS-FE waiver has grown from 309 older

adults in July to 984 in December to over 1,000 in January of 2003. Older adults are also being placed on waiting lists for Senior Care Act, which by November of 2002 had grown to 640. (KDOA July 2002; K4A Policy Goals, 2003).

- **Waiting lists increase state costs**. In 1999, the Kansas legislature requested KDOA to control costs through implementing a similar waiting list for HCBS/FE services. The waiting list lasted from July 1 to October 18, 1999. KDOA reported a reversal in the steady decline in nursing home population that had occurred since the implementation of the HCBS waiver. For July through the September 1999 quarter, there were 167 more residents in the state's nursing facilities each month than a straight-line projection would have predicted. KDOA estimated the excess cost of caring for the individuals in a nursing home versus receiving in-home services (over what costs would have been on a declining caseload) was $4.4 million (KDOA, Feb. 2002).

- **In cost/benefit terms, state-funded programs should be viewed as a fluid system**. Actions taken by policymakers involving one program have consequences affecting other system programs. As an example, in-home personal care programs help maintain health status, thus reducing the need for use of more costly services such as nursing homes. For example, information and referral and case management is technically available to all elders through the AAAs. However, lack of funding means in reality that elders do not get adequate help to find appropriate services and can end up in nursing homes where they becoming reliant on Medicaid to pay.

- **As programs for older adults are cut, the more appropriate and less costly options will become less accessible and available.** As State revenues continue to lag below estimates for FY 2004, the Department on Aging is targeted for additional budget cuts in its nutrition and Senior Act programs. There is likely to be further reductions to senior programs if tax revenue continues to not meet estimated budget projections.

- **Fewer dollars doe not translate into similar reductions in the need for care.** There is likely to be further reductions to older adults programs if tax revenue continues to not meet estimated budget projections. As older adult programs are cut, the more appropriate and less costly community services will become less accessible and available.

Unfortunately, in an era of tight budgets, fewer resources do not translate into similar reductions in the need for care. For every older adult on the waiting list who chooses to enter a nursing home, the state could have cared for several individuals in their home. Property and sales tax revenue is also lost with each nursing home admission.

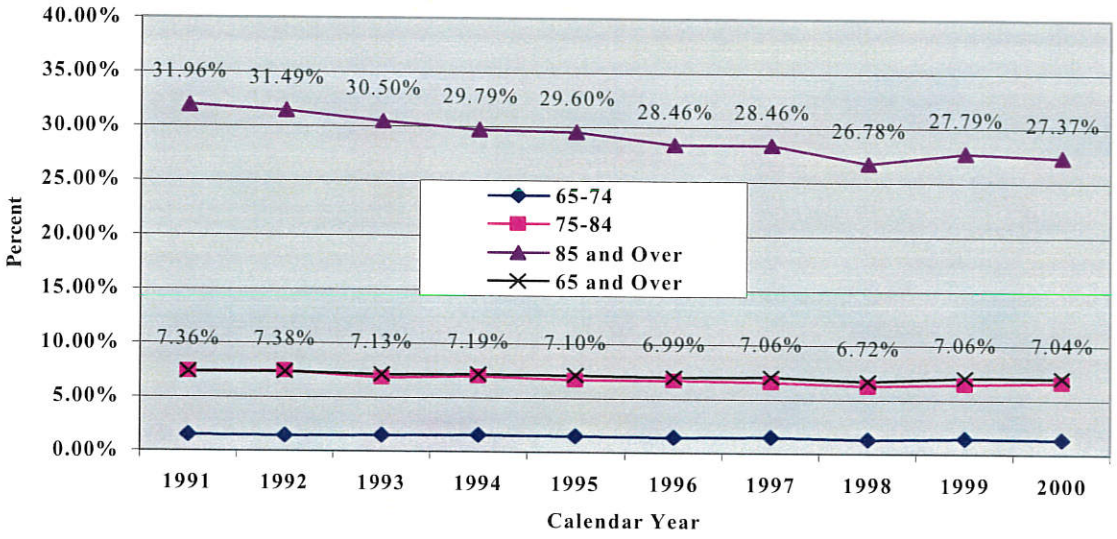
Steps Taken to Build a Community-Based Service System

In the not too distant past, LTC services were synonymous with NF care, but the nature of publicly funded services in KS has changed over the last decade. The 1990s can be characterized as a decade of progress as the state reduced its reliance on nursing home care. From 1995 to 1999, Kansas experienced an approximate 9% decrease in its percentage of nursing facility residents compared to the national 1% average. Amidst the decrease, Kansas still continues to have a NF institutionalization rate that is above the national average (Chapin, et al, 2002).

- **Kansas reduced its reliance on institutional services.** Throughout the 1990s, the percent of older adults residing in nursing

facilities declined as illustrated in Figure 5 (Chapin, et al, 2002). These data include residents in both NF and AL settings because the settings were not separated from 1991 to 1997. The rate for each age group was the lowest in 1998 and then increased. The growth of AL/RHC settings in the state undoubtedly had an impact on the increase during this time. The number of AL/RHC beds in Kansas increased by 36% from 1997 to 1999 (Chapin et al., 1999).

Figure 5: Percent of Older Kansans Residing in Nursing or AL/RHC Facilities by Age Group:CY 1991-2000



The decrease in the number of nursing home residents is illustrated in Figure 5 & 6

The diversion as shown in Figure 6 steadily increased during the 1990s.

Figure 6: Percent of Kansans Age 65 and Over Diverted from Nursing Facilities, FY 1996-2000

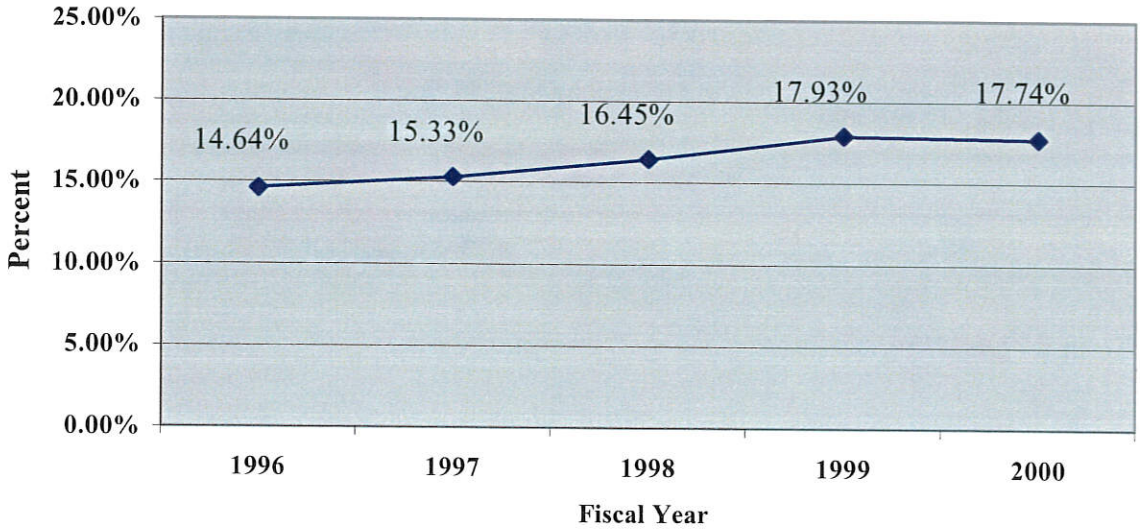
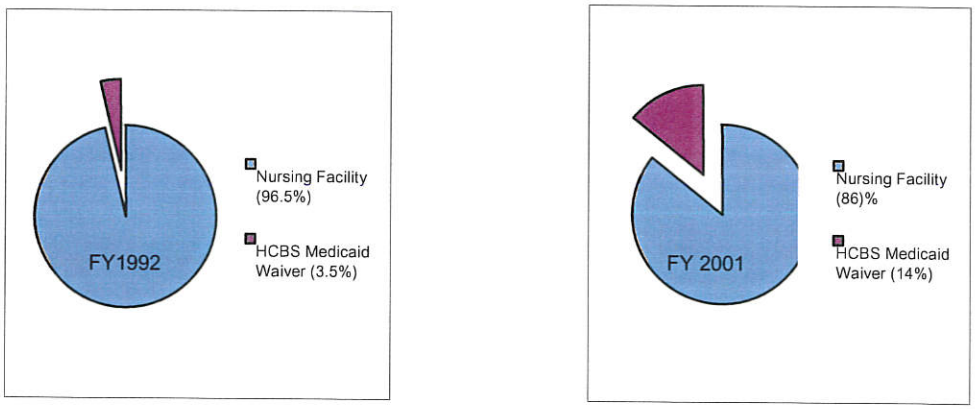


Figure 5 & 6 indicates that older applicants to nursing facilities are being served in the community. Considering the increase in the in the number of older adults in Kansas, this decrease in the average number of nursing home residents is particularly notable. It is especially notable because assisted living settings are still generally unaffordable for most low-income older adults and only services, not room and board, is covered under the Medicaid HCBS/FE waiver.

■ **Kansas made strides in the 1990s toward a community-based service system.** In less than 10 years, Kansas went from $166.3 million (FY 1992) for nursing home care to $328 million in FY 2001. The HCBS/FE waiver increased from $6 million in FY 1992 to $54 million in FY 2001 (KU School of Social Policy Conference, Dec. 1992). This change is portrayed graphically in Figure 7.

Efforts to inform NF applicants about alternatives to nursing home care have helped to increase community tenure. In 1993, the Kansas Preadmission Assessment and Referral Program was implemented and later became the CARE program in 1995. Up to 1993, Kansas did not impose a level of care requirement for anyone seeking nursing home care beyond the financial eligibility requirements.

Figure 7: Comparison of Medicaid Nursing Facility and Waiver Expenditures for Older Adults in FY 1992 and FY 2001.



From FY 1998 to FY 2001, as nursing facilities experienced a 7% decline in residents, the HCBS-FE waiver grew by 41%. As shown in Table 4 even though the number of NF residents declined, total Medicaid spending still increased by 22% with only a 4.2% combined increase in the average number of older adults served on a monthly basis.

During this same period of time, FY 1998 to FY 2000, actual enrollment for Medicaid for the aged 65 and over increased only slightly from 29,323 to 29,376 beneficiaries and the actual percent of those enrolled who used services declined from 57.8% to 55.95% (KS Legislative Post Audit, March, 2002).

Table 4: Changes in Medicaid Long-Term Care Population and Spending FY 1998 to FY 2001								
	Average Number Of People Served Monthly				Total Spending (In millions)			
	FY 1998	FY 2001	# Change	% Change	FY 1998	FY 2001	$ Change	% Change
All Nursing facilities	13,599	12,655	(944)	(7%)	281.5	328	46.5	17%
HCBS/FE Waiver	4,115	5,796	1,681	41%	31.9	54.0	22.0	69.1%
Total NF &HCBS/FE	17,714	18,451	737	4.2 %	313.4	382	68.6	22 %
Kansas Legislative Division of Post Audit, State of Kansas, August 2002								

The average annual cost of $5,480 for older adults on the Frail Elderly (FE) waiver is low in comparison to other groups receiving home and community-based services. The cost for consumers with disabilities receiving waiver program services varies from $28,925 for persons with a developmental disability (DD) to $8,497 for persons younger than 65 years of age with a physical disability (PD) in FY 2001 (KS Legislative Post Audit, 2002). The demand for FE waiver services will expand greatly in coming years due to the increasing numbers of baby boomers reaching retirement age. It is unlikely that the DD or PD waivers will experience increases in the number of clients in the next decade, comparable to the FE waiver.

Clearly, the need for home and community-based services will increase dramatically in the coming years. If future older adults with long-term care needs are to have the choice of remaining in the community, development of an adequete, affordable home and community-based long-term care system must be a state priority. However, the LTC system is still not balanced and cut backs to home and community-based services that result from the current budget shortfall will erode the progress that has been made and in the end, state long term costs overall.

Key Barriers to Reshaping LTC in Kansas

One of the greatest challenges facing states is the difficulty in constructing a high-quality, cost-effective LTC system that meet the needs of a growing number of older adults that are living longer and are demanding more community-based service options. In order to create a balanced array of services, incremental strategies are needed to improve the financing and delivery of LTC in Kansas and address barriers.

Since the 1960s with the passage of Medicaid and the resulting availability of federal funds, Kansas has relied heavily on an institutional delivery model for older adults. In order to create a balanced system that provides real options, Kansas policy makers will need to address the following barriers to reshaping long-term care.

- **Long-term care planning and budgeting lacks coordination.** In Kansas, as in many states, a variety of agencies administer LTC services resulting in delivery structures that are fragmented. At the state level, funding for senior programs is housed in several state agencies including KDOA, SRS, KDHE, KDOT, Department Of Administration and Department of Housing and Commerce. For example, the State LTC Ombudsman Program is located under the Department of Administration, KDHE investigates abuse and neglect for individuals in health care facilities and SRS investigates community-based complaints.

Kansas needs comprehensive planning, coordination, and an unified budgeting to reduce redundant planning, service gaps, and confusion. If Kansas is to reshape its LTC system into one that focuses on community living whenever possible, a shared vision, strategic plan, and oversight entity supported by the key stakeholders is critical to continual progress.

Data management systems also vary among state agencies and are not integrated to follow consumers as they move through the service system. KDOA uses the KS Aging Management Information System (KAMIS) and requires the AAAs to submit all service utilization data through this system. The system currently doesn't allow the AAA's to follow consumers outside of their service jurisdiction to track older adults as they access services from a nursing home, senior center, or assisted living. As a result, it is very difficult to understand the entire spending picture. Greater coordination and integration of providers and payers and the data collected from each of the entities, is needed to improve the efficiency and quality of the LTC system.

Barriers to Building Community Capacity

- LTC planning and budgeting lacks coordination in Kansas.
- Older adult housing options are inadequate or unavailable in many areas of the state.
- The older adult transportation system is fragmented and insufficient.
- LTC workforce shortage affects quality of care for older adults.
- Kansas faces community-based service gaps for older adults with disabilities.

Information and referral and case management is technically available to all older adults through the AAAs. However, lack of funding means in reality that only older adults who qualify for the Medicaid waiver or Senior Care Act receive adequate help in finding appropriate services.

- **Senior housing options are inadequate or unavailable in many areas of the state.** The supply of assisted and residential health care beds has increased dramatically since it was created as a license service in Kansas. In 2001, approximately 1.26% of adults 65+ resided in AL or RHCs (Chapin, Dobbs, et al., 2000). In some areas there are too many assisted living beds, which can contribute to unnecessary high rates of use, thereby draining resources from less expensive community-based services. In other areas of Kansas, especially in rural areas and in low-income urban areas, there is little to no access to assisted living units. The distribution of assisted living remains uneven in most areas of the state with 37 counties not having a licensed assisted living or residential health care option available (Chapin, Dobbs, et al., 2000).

For the majority of Medicaid recipients, AL or RHCs are not even an option. Medicaid only pays for FE waiver services and the customer pays their own room and board. The argument could be made for the state to reduce out of pockets costs for Medicaid recipients to help them age in place and avoid discharging to a more costly higher level of care.

In many rural areas, the local nursing home is struggling for survival and lacks the resources to develop a service continuum. Loan programs like the newly established Partnership Loan Program facilitate conversion of excess nursing home capacity to alternative housing options such as Home Plus, boarding care homes or into assisted living (KDOA, January 2002).

Since there is an increasing demand for a affordable housing options with services including Home Plus, RHC, and AL, it is imperative for the state to understand how to

better support expansion of affordable housing with services. Kansas is the only state in the nation without a Housing Finance Agency, which makes it difficult for the state to leverage public funds with private dollars. If community-based services and alternative housing options are not available, it is likely that the state will see higher rates of nursing home use (Chapin, Rachlin, et. al, 2002).

- **The Senior transportation system is fragmented and insufficient.** In addition to Older Americans Act funds, many organizations provide KDOT Section 19 funded public transportation which older adults use. The Kansas Department of Transportation (KDOT) is the primary state agency that oversees public transportation and provides approximately $6 million in funding for non-assisted or assisted transportation for persons with disabilities.

Access to public transportation varies widely across the state and the extent of senior transportation in any given area is largely dependent upon the existence of city and county funding and their ability to procure supplemental federal grants. For example in Johnson County, there is an extensive senior transportation system whereas neighboring Wyandotte County had to discontinue its senior transportation system due to lack of local funds to supplement state aid. Administration of senior transportation also varies across the state. In some counties, the senior center administers the program whereas in other areas it operates under the city or county's jurisdication or contracted provider.

- **Long-term care workforce shortage affects quality of care for older adults.** The severe shortage of nursing assistants, home health aides, and nurses is only likely to worsen over time as demand increase. Kansas like other states is currently experiencing an increasing shortage of licensed nurses in addition to its chronic shortfall in certified nursing assistants (CNAs).

The Kansas Department of Human Resources rates nursing assistants and orderlies as the fifth fastest growing occupation in the state. The Department also estimated an 11.2% vacany rate of LTC CNAs in Kansas in 2000 which means approximately 1,500 CNA jobs in Kansas in nursing homes and home health agencies went unfilled on any given day in 2000.

The stability of the CNA workforce in Kansas Adult Care Homes is also a continuing challenge with a turnover rate estimated at 100 percent. Equally alarming is the turnover rate for RNs and LPNs which is approximately at 60% (KDHE, 2001). Difficulty in recruiting nurses and home health aides is likely to become worse as the number of people needing LTC increases relative to the number of people between ages 20 and 64, who make up most of the workforce. Worker shortages in many professions involved in long-term care, including social work, are regularly reported, particularly in rural areas.

- **Kansas faces community-based service gaps for older adults with disabities.** Older adults with very low incomes and significant functional limitations receive services through the Medicaid HCBS/FE waiver and Senior Care Act. People eligible for this program are the older adults with the fewest resources for purchasing formal services privately. When in-home services are unavailable, and they are placed on a waiting list, these individuals are at great risk for entering a nursing home and being dependent on public funds.

In 2000, only 5.9% of older adults in Kansas received state funded in–home services (Elder Count, 2002). The option of community living will become even less available as

many older adults wait over 6 months for HCBS/FE and SCA in-home services.

The impact of the Balanced Budget Act of 1997 which created a fixed-rate payment system dramatically influenced the availability of home health services across Kansas. Prior to 1997, a network of home health agencies served rural Kansas. Within months of the change in Medicare payments, home health agencies, especially rural ones began to close and urban agencies that had served rural clients cut back on their service. Kansas went from 221 certified home health agencies (HHAs) in 1997 to 132 Medicare approved HHAs in July, 2002 (CMS, 2002).

In 1997, a total of 32,380 Medicare beneficiaries received home services. In 1999, the total dropped to 20,495, a thirty-seven percent decline in the number of patients served. The current state FY 2003 budget also includes broad scale reductions in Medicaid home health services for HCBS consumers. Medicaid HCBS recipients incurred 60% of all home health for FY 2001 (KS Legislative Post Audit, 2002).

Access to home health care specifically in rural Kansas has been severely compromised because of the unintended consequences from a change in Medicare payment methodology. The decrease in home health agencies could also be a contributing factor to increases in the demand for AAA's services and the subsequent waiting lists. The Medicare and Medicaid beneficiaries previously served by certified home health agencies will in time be shifted to more costly programs, like nursing facilities due to reduced consumer access to the provision of in-home care.

Mental health services in the community are also lacking for older adults especially in rural counties. Many of the community mental health centers still do have an outreach program or an aging specialist that focuses on the needs of older adults.

- **Unpaid caregivers lack support and services for unpaid caregivers.** Family caregivers are the backbone of the LTC system. Without them, many older adults would enter institutions of care. Some experts estimate that approximately 60 percent of the older adults with disabilities living in the community rely soley on families and other unpaid caregivers. A 1997 National Alliance for Caregiving survey reported that nearly one in four U.S. households was involved in family caregiving. For many caregivers across Kanas, their only option for relief is to place their loved one in a nursing home. In FY 2001, 584 adults were addmitted to nursing facilities for respite care (KDHE Bed Facility Report, 2002).

Congress passed the National Family Caregiver Support Program in 2000. The reauthorization of the Older Americans Act includes funding for each state to develop a Family Caregiver Support Program. Kansas received $1.1 million in federal fiscal year 2002. Once distributed through the 11 AAAs, many communities have been able to serve a very limited number of caregivers. A greater menu of respite services, counseling, information and training for caregivers is still needed in all parts of the state.

Older adults and their caregivers want community-based services and housing options to meet their needs and want the system reform to continue moving in this direction. Future development also needs to address the special needs of older women and people of color who are more at risk, particularly at advanced ages, because of inadequete income.

Currently, service gaps in affordable housing, senior transportation, lack of in-home services

and a shortage of workers are all critical challenges facing Kansas within its long-term care system. By identifying barriers and problems in service delivery, Kansas can begin to prepare for future pressures on the state's LTC system and further build its capacity of home and community-based services, transportation, and housing across the state.

Strategies for Building Community Care Capacity

As Kansas prepares for the baby boomers reaching retirement, the vision should be one that fosters the statewide development of a comprehensive array of paid and nonpaid support systems that maximize independence, and quality of life while recognizing the need for support and interdependence. The challenge for government officials, providers, consumers and advocates is how to best accomplish the goal of turning our current long-term care system into one that focuses on community living whenever possible, within the resources available.

The goal should be one of developing a community-base system that provides consumers and their caregivers with meaningful choices of supports, services, providers, and residential settings, as long as such care is cost-effective and meets an adequate level of quality. Matching appropriate services to the needs of older persons and their caregivers will require careful planning by state and local government, the private sector, advocacy groups and consumers.

The first step in rebalancing our system from an institutional focus to a community focus is assessing the existing system and determining baseline gaps and capacity. In order to insure that older adults will be able to live independently in the community, state policy needs to be grounded in principles that support:

- Increased consumer choice,
- Improved access to services,
- Enhanced cost-effectiveness, and
- Greater coordination of long-term care services.

Service gaps in affordable housing, older adult transportation, in-home and caregiver services and a shortage of workers are all critical challenges facing Kansas' LTC system. By identifying barriers in service delivery, Kansas can assess the need and supply of services and thus develop a plan to further build its home and community-based service capacity.

Steps that can be taken to build upon the existing home and community delivery system include:

1) Build on peoples' ability to meet their own long-term care needs.

In order to provide services that are more responsive to consumers, a primary emphasis must be placed on empowering individuals to meet their own long-term care needs. Older adults are valuable resources and should be supported in their efforts to prevent futher disability and to contnue tocontribute to their communities.

■ **Expand and improve consumer information and assistance.** Consumers need to be provided basic information on all long-term care resource options prior to accessing a nursing home. Educating caregivers and older adults about long term care resources and long-term care insurance products through partnerships with employers should also be actively pursued.

Older consumers and their families want to find and obtain their own long-term care but need accurate, timely information and trained

professionals to assist them in making these critical decsions. Internet programs are being developed in the Kansas City metro area to link aging resources to the consumer through the world wide web. The long-term goal is to provide internet referral and screening for older adults who log on and fill out an intake form.

Consumers should be involved in the planning, evaluation, and decision-making when they are capable of doing so. Incentives should be created to help consumers make decisions that balance cost, access, and quality. The development of Family Care Resource Centers by Wisconsin was in response to the state's goal to help older adults balance cost, availablity and quality as well as improve accesss to LTC services.

The Family Care Resource Centers provide one-stop shopping for all LTC needs as well as information and assistance with other services. A community resource center similar to Wisconsin is needed for older adults of all income levels within a geographic area. This center provides information and access to public and private funding streams from institutional to community-based care.

- **Develop a statewide service network for family caregivers.** Many policymakers realize the cost savings that family caregivers provide and, as a result, many states have increased their respite programs under state funds and under their Medicaid home and community-based waiver program. Caregiver support services include respite, care planning, education and training, legal and financial counseling, information and referral services and support groups

Due to family mobility, increasing numbers of women holding full-time jobs, and the exodus of young people from many rural communties, family caregivers need more support than they have in the past to manage continued provision of LTC. Research indicates that family caregivers continue to provide care for their relatives even if publicly or privately paid resources are available (National Alliance for Caregiving, 1997).

Many states have created and funded innovative caregiver support programs in recent years. To assist the needs of family caregivers, California developed a statewide network of Caregiver Resource Centers that provide information, education, and support to caregivers of adults with brain disorders. The legislature approved a pilot project in 1980 and 11 nonprofit centers have been operating since 1989.

South Carolina Project COPE involves a partnership of three networks: aging, mental health, and community health centers. Social workers and nurses coordinate the program and offer respite or a telephone help line. Nebraska's Lifespan Respite Program implemented by Nebraska's Department of Health and Human Services coordinates respite services for people of all ages with disabilities (Coleman, 2000).

Kansas is in need of a statewide caregiver assistance program and respite care that brings services to the caregiver and family rather than asking people to travel long distances to access services. Supporting an unpaid network of helpers through university training initiatives, tax incentives, community continuing education, web-based programs and libraries is needed to fully meet caregivers' growing needs. State funding and a statewide uniform delivery system is needed to fully meet the needs of Kansas's caregivers.

2) Increase consumer choice and access to services.

In the past ten years, the proportion of older persons admitted to nursing facilities has declined as the numbers of older adults using home and community-based service options has increased.

- **Expand capacity of home and community-based services.** When home and community services such as HCBS-FE waiver and the Senior Care Act are not fully funded based upon case load projections, access to an array of public and privately financed community services diminishes as waiting lists grow. Kansas should be preparing for future pressures on the state's LTC system and builing its capacity in mental health, nutrition, personal care services, and transportation across the state.

Once waiting lists become commonplace, and long, the system is not available to those who could be served in the community. Additionally, assisted living settings are still generally unaffordable for most lost- income older adults and only services, not room and board, ,is covered under the Medicaid HCBS/FE waiver. The availability of assisted and residential health care beds especially for low income older adults remains uneven in many areas of the state (Chapin, Dobbs, et al., 2000).

Subsequently, NF home occupancy rates increase and triage systems become less effective for recipients requiring public-funded services. Creation of a single point of entry system helps improve access to services only if case managers have programs and providers to whom they can refer their clients. Such mechanisms are still important for consumers who can afford private services.

- **Maximizing federal funds for in-home services.** A primary way that 30 states provide additional in-home services is through incorporating a "Personal Care Option" into their state Medicaid plan. States are able to provide services to individuals on the Waiver waiting list that meet the Medicaid finanical eligibility standard. States control spending through this option by limiting the number of hours and/or requiring a prior authorization. States like Wisconsin and Michigan have large waiver programs and Indiana serves over 10,000 individuals on their state-funded program by maximizing additional federal funds through mechanisms like the personal care option. (Wiener, Tilly, & Alecxih, 2002; Wiener & Stevenson, 98).

With budgets deficits growing, many states provide coverage to the uninsured with incomes up to 200% of the federal poverty level under Medicaid Section 1115 waivers. These waivers are often used to allow states to cover non-Medicaid services, offer different service packages, test new reimbursement methods, change eligibility criteria, or contract with managed care entities. As of Oct. 2001, CMS had approved 18 comprehensive state reform waivers (Congressional Research Service, 2001). KDOA proposed using a Section 1115 waiver approach to fund the Senior Pharmacy Plus Program. It was approved in the Senate but not in the House (KDOA, 2002).

County and city government spending for home and community-based services should be carefully examined to determine if expenditures could be reconfigured so that Medicaid match or other federal matching funds could multiple effectivenss. A continuing reassessment process to examine how federal funds are maximized by each of the agencies responsible for LTC provision should be annually conducted.

- **Recruit and retain a stable long-term care workforce.** If community service capacity is to increase, the long-term care worker shortages must be addressed. Competitive wages and non-monetary rewards

such as on-site child care, tuition credits and loan foregiveness or a "GI bill" for long-term care workers are possible options. Incentives beyond monetary benefits are important to increase the supply of nurse aides. Retraining older adults to provide services on a part-time basis should also be explored.

Currently there are a variety of initiatives coordinated through the state, universities, junior colleges, and health care associations, aimed at increasing the supply of various long-term care workers. A more comprehensive approach is needed. An analysis of need, perhaps starting at the county level and using information from the new Elder Count publication that provides detailed information on Kansas elders at the county level, could be one way of engaging local stake holders and creating a base for a coordinated statewide efforts.

3) **Improve coordination and integration of services.**

A coordinated state system for long-term care is necessary in order to adequately meet the needs of older Kansans. The transfer of Medicaid services from SRS to KDOA has streamlined the delivery of state-funded services. However, many senior services in Kansas are provided by local units of government and private providers.

Older adults and their caregivers are asked to navigate a complex system of private and public programs. Unfortunately, little communication about service availability and issues about an individual's actual care are shared among LTC institutions and organizations.

In Kansas, getting access to information about local, state, and privately administered LTC requires contacting each of the providers separately to sort out cost and eligibility considerations. For example in some communities, an older consumer may have an array of housing choices from public housing to publicly subsidized senior housing complexes, through tax credits, to assisted living, and finally to traditional nursing facilties.

If the older adult would like to receive home and community-based-services, they would need to contact the AAA for personal care, the senior center for meals and transportation and SRS for Medicaid and Medicare co-pay assistance. In addition, if respite or caregiver services are needed, another contact would need to be made to a local nonprofit agency.

- **Expand the availability and use of trained and professional case managers.** Many older adults and their caregivers need the help of trained case managers to negotiate the long-term care system. Case managers are able to provide the critical link in making sure that needed services are provided in appropriate settings, and institutional systems are integrated.

Customers diverted through the CARE program in a recent study indicated that advocacy skills of case mangers and their timely and consistent involvement made a key difference in keeping older adults at-risk of nursing home placement especially individuals without informal support helpers, in the community (Chapin, Zimmerman, Macmillan, et al., 2002).

The CARE program provides valuable information for older adults and their caregivers who are in immediate need of services and seeking NF care. However, many older adults are experiencing gradual decline in their physical and cognitive functioning, and they and their family caregivers need an opportunity to meet with a case manager to explore options for care well

in advance of application for NF admission. Trained and professional case managers can impact access and service costs through improving the coordination and integration of home and community-based services. Additional spending to increase and improve case management services would pay off in terms of reduced nursing facility and acute care costs.

4) Create a cost-effective and efficient LTC system for the future.

Despite many state-level improvements to coordinate LTC services, state agencies involved with aging and LTC issues do not have formalized mechanisms for discussing issues of mutual interest. Better communication among state departments and agencies, local providers, and advocates would assist in reducing duplication and improving efficiency of state programs for older adults.

- **Create a unified budget that tracks consumers across service settings**

Currently, the cost of aging programs and services is not collected by age across state agencies. Greater collaboration and information integration among LTC providers is crucial to improving the quality and reducing the costs of the LTC system. A comprehensive budget of all long-term care programs would assist the state for planning and informational purposes concerning the state's efforts in meeting the needs of Kansas's older adults.

State payment systems for services provided to LTC clients have difficulty tracking clients across systems and talking to each other. AAA's are still waiting on KS Aging Management System which was introduced at KDOA in 2000 to allow them to create summary reports tailored to their individual data needs. Without adequate data to provide a comprehensive understanding of the current system, state policymakers cannot effectively plan for the future with a full understanding of the entire spending picture.

- **Increase system balance between institutional and community-based services.**

In order to build a community capacity that is responsive to consumer preferences and needs, Kansas must continue to reduce its reliance on nursing homes. Nursing homes will continue to be needed for high acuity residents, and some nursing homes are being transformed to a new model of care in which resident choice and control are central with physical and social environments more homelike. Future demands for LTC services will place great strains on the state budget unless new funding mechanisms are employed.

Increasingly, older adults are using nursing facilities for short-term rehabilitative care and are able to maintain community tenure following a nursing home stay if in-home services and alternative care settings is available. An expansion in the availability of housing options with supportive services and AL/RHCs, has contributed to increases in the numbers being discharged and diverted from institutional care.

Since the assessment, information, and referral programs were established for individuals seeking nursing home admission, the percent of nursing home residents age 65 and over who have returned to the community has increased dramatically over time from 10.3% in 1993 to 34.95% in calendar year 2000. It is likely that the implementation of this program made an impact on the increasing discharge rates, and the statistics overall indicate that older Kansans are using nursing facilities in a different manner than they previously did (Chapin, Rachlin, et al., 2002).

Conclusion

The progress made in developing a more balanced long-term care system will quickly erode if the current community-based system doesn't provide services efficiently and target them appropriately. Much remains to be done to develop community-based service capacity as evidenced by Kansas continuing to have above average institutionalization rates for older adults.

In reviewing the policy directions identified in planning documents written by state agency staff and legislative committees concerned with long-term care, it is clear there are many areas of consensus about need and potential strategies to build a more balanced system.

If Kansas is to gather momentum for change, and develop life long communities that meet the preferences and needs of older adults, elected officials, advocates, and providers must bring renewed commitment and creativity to building consensus that will prepare Kansas for the future.

Kansas has a "Window of Opportunity" to develop community services because the older adult population is increasing more slowly now due to low birth rates during the Depression. Now is the time for Kansas to prepare before Baby Boomers begin to require large amounts of long-term care.

Although the current budget picture is grim, now is the time to plan and develop consensus on how to best create a community infrastructure that supports older adults with disabilities to continue to be contributing members of our communities. Kansas' future can be secured through creative planning and with renewed commitment to build a more balanced system that targets services efficiently and appropriately, within the available resources.

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Appendix A: Detailed Cost Analysis Calculations and Assumptions

A number of assumptions were used to calculate the cost savings for 2025. First, it was assumed that the cost of nursing home care would continue to increase. The current average monthly cost for nursing home care is $2,310 ($27,700 per year)[1]. Based on data provided by the US Bureau of Labor Statistics, the cost of nursing facility care has increased at a rate of approximately 4% per year over the last six years. During this same period, the general inflation rate grew at a smaller rate, approximately 2.2%. In other words, nursing facility care has become less affordable. It is reasonable to assume that the nursing facility inflation rate will continue through the future. Using this rate, the average monthly nursing facility care will be around $6,500 ($78,000 per year).

It was also assumed that half of the 6,700 residents who avoided nursing facility placement would have been on Medicaid in the nursing facility and that this group would receive HCBS/FE services in lieu of nursing facility care. It was assumed that the current ratio of HCBS/FE to nursing facility care would continue in 2025. The average HCBS/FE plan of care cost for an older adult who had applied for nursing facility placement but was diverted into the community was approximately $800 per month ($9,600 per year).[2] The current ratio of yearly HCBS/FE costs to NF care for these customers is $9,600/27,700, or 1:2.9. Therefore, the current yearly HCBS/FE costs per person in 2025 based on this ratio would be $26,900 ($78,000/2.9).

Based on these assumptions, the yearly cost savings in 2025 for the State if Kansas achieves the national institutional rate would be **$68,474,000.** Detailed calculations are shown in the following tables:

(A) Number of Fewer NF Residents in 2025 if Kansas Achieves National Average	(B) Number of Residents in (A) that would have used Medicaid (50%)	(C) Average Annual Cost of NF care in 2025	(D) State Medicaid Share of Annual Nursing Facility Costs (40%)	(E) Total Annual State Savings (Multiply Columns B & D)
6700	3350	$78,000	$31,200	**$104,520,000**

(A) Number of Fewer NF Residents in 2025 if Kansas Achieves National Average	(B) Number of Older Adults in (A) that will receive HCBS/FE (50%)	(C) Average Annual HCBS/FE Costs in 2025 for Older Adults in (A)	(D) State Medicaid Share (40%) of Annual HCBS/FE Costs for Older Adults in (A)	(E) Total State Annual HCBS Costs for Older Adults in (A) (Multiply Columns B & D)
6700	3350	$26,900	$10,760	**$36,046,000**

(A) Annual State Savings in 2025 for Customers Who Would Have Resided in an NF	(B) Annual State HCBS Costs for Older Adults Who Would Have Resided in an NF	(C) Total State Savings in 2025 for Customers Who Would Have Resided in an NF (Column A minus Column B)
$104,520,000	**$36,046,000**	**$68,474,000**

[1] Information provided by the Kansas Department on Aging.
[2] Data from the 2002 Longitudinal Study of Customers Diverted Through the CARE Program Project Report

AARP Kansas

March 5th, 2004

Chairman Steve Morris
Senate Ways and Means Committee

Good morning Chairman Morris and Members of the Senate Ways and Means Committee. My name is David Wilson and I am a member of the AARP Kansas Executive Council. AARP Kansas represents the views of our more than 350,000 members in the state of Kansas.

We would like to thank you Chairman Morris and members of this committee for your support of long-term care and aging issues and for allowing us the opportunity to express our comments in support of SB 459. We would especially like to thank Senator Hensley for sponsoring SB 459 and for his interest and support of long-term care and aging issues.

AARP is committed to achieving comprehensive long-term care reform at the state and national level. We acknowledge and support the agencies and organizations that provide services for the seniors of Kansas. The purpose of SB 459 is not to search for wrongdoing but to serve as a starting point for a collaborative effort toward the betterment of support and services for seniors in Kansas.

The need for home and community-based services will increase dramatically in the coming years. The rapid growth in the Kansas senior population will continue and reach its peak in 2025.

If future older adults with long-term care needs are to have the choice of remaining in the community, development of an adequate, affordable home and community-based long-term care system must be a state priority.

The challenge for Kansans is how to best accomplish developing a community-based system that provides current and future consumers and their caregivers with meaningful choices of supports, providers, and residential settings; is cost-effective; and meets an adequate level of quality.

The first step toward shifting capacity and rebalancing our system from an institutional focus to a community focus is assessing the existing system and determining baseline gaps and capacity. By identifying and addressing barriers in service delivery, Kansas can assess the needs and supply of services and thus develop a growth-oriented affirmative action plan to further build its home and community-based service capacity.

AARP commissioned Dr. Rosemary Chapin, Director of the Office of Aging and Long-Term Care from Kansas University School of Social Welfare to investigate the gaps in services and the barriers to reshaping services in the Kansas long-term care system. Dr. Chapin is here today and will speak to you later this morning. A copy of her research paper Securing Kansas'Future: *Next Steps for Community-based Long-Term Care for Older Adults* has been presented you this morning for your review.

During March of 2003, after extensive interviews with state, agency and organizational leaders, Dr.Chapin concluded her research. AARP invited state policy makers and leaders to be part of a one-day workshop to address the research findings. The research concluded that the following

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barriers must be addressed in order to create a balanced array of services and to create strategies to improve the financing and delivery of long-term care services.

1) Long-term care planning and budgeting lacks coordination in Kansas.
2) Older adult housing options are inadequate or unavailable in many areas of the state.
3) The older adult transportation system is fragmented and insufficient.
4) Long-term care workforce shortages affect quality of care for older adults.
5) Kansas faces community-based service gaps for older adults with disibilities.
6) Unpaid caregivers lack support and services.

From this meeting in March, three work groups were formed to look at issues of fragmentation of the system, education and caregiving. The results of the work to date include the creation of the Kansas Alliance for Caregivers (KAC), a statewide caregiver coaltion funded by AARP Foundation and Administration on Aging. AARP Kansas also drafted and submitted SB 458, a Long Term Care Bill of Rights, and SB 459, the Unified Aging Budget bill.

AARP Kansas drafted SB 459 because we believed that the lack of long-term care planning and budgeting coordination is a major barrier to building community capacity. The cost of aging programs and services is not collected by age across state agencies, nor does Kansas develop a seniors' or LTC budget. A variety of agencies administer LTC services resulting in delivery structures that are fragmented. At the state level, funding for senior programs is housed in several state agencies including KDOA, SRS, KDHE, KDOT, Department Of Administration and Department of Housing and Commerce.

As a result, it is very difficult to understand the entire spending picture. Without adequate data to provide a comprehensive understanding of the current system, policymakers cannot effectively plan for the future with a full understanding of the entire spending picture.

Kansas can build a more balanced system through comprehensive planning, coordination, and budgeting to reduce confusion and redundant services. Kansas needs a unified budget for older adults similar to the state's Children's Budget. That budget was created during the 1992 legislative session, and one section of the budget report shows program expenditures and the number of children served by the programs. Duane Goosen, Director of the Budget reported that in the same manner as the Children's Budget, the Aging Budget would not have a fiscal impact on the state budget. He expected that the these additional duties could be handled within existing budget resourcees.

AARP believes that in order to build a balanced system, Kansas should conduct a careful evaluation of the need for different kinds of long-term care services and should design their budgets and policies to eliminate institutional bias, expand access to home and community-based care and allow consumers to choose the setting in which they receive services.

Therefore, AARP believes that Kansas must create a unified aging budget that tracks consumers across service settings.

Passage of SB 459 would be a crucial first step to building a balanced long-term care home and community-based system that improves the quality and reduces duplication of services within state programs.

In Review:

- Consolidated budget information is crucial for effective state planning to meet the needs of Kansas' seniors.
- Duane Goosen, Director of the Budget reported no fiscal impact on the state budget and that the aging budget could be handled within existing budget resources.
- A unified budget can point out gaps in funding for seniors.
- A unified budget can provide an "overall picture" of aging services for legislators & policy makers.
- A unified budget is a start to achieving system changes that can create an opportunity for more collaboration.

Therefore, AARP supports language in SB 459 that establishes a unified aging budget for seniors and long-term care services in Kansas.

We respectfully ask for your support and passage of SB 459. Thank you for your consideration in this matter.

David Wilson
AARP Kansas

:

OLDER ADULT CONSUMER MENTAL HEALTH ALLIANCE

March 5, 2004

Mr. Chairman and Committee Members:

I appreciate the opportunity to testify today about the importance of SB 459 and its future impact on older adults (60 years and older) in Kansas. My name is Bryce Miller and I am from Topeka. I graduated from Kansas State University in 1955 with an Industrial Engineering degree. I worked in an engineering job for a major corporation until I was diagnosed with bipolar disorder in 1974 (at age 42) after 10 years of wrong diagnosis. I later worked for the State of Kansas as a Management Analyst.

I served six years on the Governor's Mental Health Services Planning Council in the 1990's and also six years as the Consumer Council representative on the National Alliance for the Mentally Ill (NAMI) Board in Arlington, VA. In June, 2002 I was awarded the Lionel Aldridge Award, the highest consumer award presented by NAMI at their national convention in Cincinnati.

I also am now on the Executive Committee and Treasurer of the National Older Adult Consumer Mental Health Alliance (OACMHA). This non-profit organization is dedicated to Advocacy and Public Education on behalf of older Americans affected by mental disorders. I am also a member of the Kansas Mental Health and Aging Coalition. I testified for OACMHA before the President's New Freedom Commission on Mental Health in Washington, D.C. at their October, 2002 meeting. We were able to convince the Commission to add a subcommittee specifically aimed at the needs of older adults, not merely treated as part of the "adult" population.

I am now 72 years old and have been an advocate for improved mental health services for over 27 years. I would like to provide you some pertinent facts and then several recommendations.

The Kansas mental health system (public and private) currently under serves the older adult population (60 years and older) that have a mental illness. The system is in no way preparing for the "elder boom" which will hit in force beginning in 2011. Plus add the fact there is little being done to address the significant needs of the current aged population. For example only 5 of the 29 community mental health centers have an aging specialist on staff. In most cases, an aging team is needed, not just one aging specialist.

The "elder boom" will be so large, and will require such an extensive restructuring as well as growth that planning and preparations can no longer be postponed.

- 10 to 20% of the older adult population has mental health problems that warrant professional intervention.
- 10-15% of older persons have clinically significant depression with another 2-3% diagnosed with Mood Disorders.
- 95% of suicides show symptoms of major psychological illness in the weeks before death which highlights the necessity for active mental health outreach for the elderly.
- The prevalence among the elderly nursing home population of mental disorders and behavioral disturbances is estimated to be more than 75%.

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Despite the heightened need for mental health services, the older adult mentally ill are generally underserved by community mental health centers, private practitioners and nursing homes.

My recommendations for legislative action:

1) Pass Senate Bill 459 so accurate data can be obtained and realistic planning and implementation of older adult mental health services be prepared before the "elder boom" hits Kansas
2) Empower a task force of stakeholders to study data regarding state funded mental health services currently being delivered to older adults. Compare critical needs with projected future needs based on projected 60 plus population growth. Identify gaps in the current service structure for older adults and to recommend action to bring together mental health, substance abuse, health and aging systems to collaborate on serving older persons.
3) Pending completion of the study and report, require the Division of Mental Health (SRS) to dedicate at least 16% of its resources to community mental health center service for the 60 plus population.

Bryce Miller

Bryce Miller
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Subject: Fw: AGING

Thought I'd let my doctor check me,
'Cause I didn't feel quite right. . .
All those aches and pains annoyed me
And I couldn't sleep at night.

He could find no real disorder
But he wouldn't let it rest.
What with Medicare and Blue Cross,
We would do a couple tests.

To the hospital he sent me
Though I didn't feel that bad.
He arranged for them to give me
Every test that could be had.

I was fluoroscoped and cystoscoped,
My aging frame displayed.
Stripped, on an ice cold table,
While my gizzards were x-rayed.

I was checked for worms and parasites,
For fungus and the crud,
While they pierced me with long needles
Taking samples of my blood.

Doctors came to check me over,
Probed and pushed and poked around,
And to make sure I was living
They then wired me for sound.

They have finally concluded,
Their results have filled a page.
What I have will someday kill me;
My affliction is OLD AGE

50th Anniversary
KAHSA
Kansas Association of
Homes & Services for the Aging

To: Senator Steve Morris, Chair, and Members,
Senate Ways and Means Committee
From: Debra Zehr, Vice President
Date: March 5, 2004

Testimony in Support of Senate Bill 459

Thank you, Mr. Chair and Members of the Committee. The Kansas Association of Homes and Services for the Aging represents 160 not-for-profit long-term care provider organizations serving 15,300 older adults in Kansas. Our members include retirement communities, nursing homes, hospital long-term care units and assisted living, housing providers, and community-based service providers. They are sponsored by religious, civic and fraternal organizations and local units of government.

We stand in support of Senate Bill 459, which calls for a unified reporting of state expenditures on aging-related services and programs. Responsibilities for aging and long term care resources are divided among various state agencies, making it difficult for policymakers to comprehend, track and plan for the future of aging-related programs and expenditures. Unified reporting would also reduce confusion and prompt more interagency communication and, hopefully, cooperation in meeting the needs of the aging Kansans. The need for unified aging budget reporting was confirmed by Dr. Rosemary Chapin of the School of Social Welfare at the University of Kansas in her March 2003 report *Securing Kansas' Future: Next Steps for Community – Based Long Term Care for Older Adults*.

Thank you for your support of Senate Bill 459. I would be happy to answer questions.

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KHCA

Member of ahca

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Testimony

Senate Ways & Means Committee

March 5, 2004

Good Morning Chairman Morris and Committee Members

I'm Cindy Luxem and I work for the Kansas Health Care Association. We represent adult care homes, nursing facilities for mental health, assisted living facilities, long term care units of hospitals and community service providers serving Kansans all across the state.

Thank you for the opportunity to offer support of Senate Bill 459. We believe a coordinated system for long-term care is necessary to meet the needs of our seniors across the state. During the 2003 Legislature session KHCA supported the move of the licensure, regulators and investigators from KDHE to the Kansas Department on Aging, because it seemed like a natural fit.

We believe their might be risks in doing such budgeting for some projects but we are here today to say KHCA wants to be a part of the process and we welcome discussions that might begin through this legislation.

Thank you for the opportunity to be here today.

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Chairman Morris and Ways and Means Committee Members:

Thank you for allowing me to testify in support of SB459. My name is Jim Beckwith, and I am the Executive Director of the North East Kansas Area Agency on Aging.

I speak in support of SB459, acknowledging that it is a two-edged sword. On the positive side, such action should give legislators and those in the field of aging a more complete, and a bigger picture of how we serve seniors in Kansas. On the negative side, we may find out how poorly we are really doing.

Also on the positive side, this action should allow policy to be better tied to funding, and result in better collaboration. On the negative side, it may point out "turf issues".

Overall, this is an idea whose time has come. It is a creative way to "think outside the box", and with the demographic changes we expect to happen for Kansas seniors, we must think creatively. Those of us who are service providers are collaborating better than we ever have before - that is the good news. The bad news is that isn't good enough for the future. We must find ways to better work together and maximize every dollar we have to provide the essential services for our seniors.

Thank you for allowing me to testify.

Jim Beckwith,
NEK-AAA

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K A N S A S

PAMELA JOHNSON-BETTS, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT ON AGING

Testimony on SB 459
to
Ways & Means
Presented by Secretary Pamela Johnson-Betts
March 5, 2004

Senator Morris and members of the Committee:

Thank you for allowing me to testify before you today as neutral on Senate Bill 459. This bill would require state agencies to identify, through the budget process, all programs that provide services for seniors, their families and their caregivers. Through this unified senior budget, state policymakers will receive aggregate information that will demonstrate our collective funding priorities and may assist us in identifying duplication and gaps in services.

Logistically, this bill will have little impact on the operations of the Kansas Department on Aging (KDOA). The budget document we prepare as a result of this legislation should mirror our agency budget in its entirety. Other state agencies and the Division of Budget, however, will be required to compile and analyze budget information in a new way. I spoke to several other members of the cabinet. They are prepared to produce this new senior-specific information if you so desire, although there will be a nominal cost involved in asking agencies to produce a new budget document. I also met with representatives of AARP, the main proponent of this legislation. I applaud their efforts to focus on senior-related budget concerns.

I look forward to continued dialogue with you about the funding and program priorities for Kansas seniors.

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Topeka Independent Living Resource Center, Inc.
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Testimony
Presented to the Senate Ways and Means Committee
March 4, 2004
by Becca Vaughn
Topeka Independent Living Resource Center, Inc.

RE: Support of SB 459

Dear Chairperson Morris and Committee Members;

The Topeka Independent Living Resource Center (TILRC) is a 501(c)(3) not-for-profit civil and human rights organization. Our mission is to advocate for equality, justice and essential services for a fully integrated and accessible society for all people with disabilities. Our center is owned, operated and governed by a majority of people with disabilities, representing all ages and cultural diversity. One of our five, federally mandated core areas of service is "Deinstitutionalization," assisting people to move out of institutional settings and live free in a home of their choice.

We support SB 459 as an important move toward bringing the state budgeting process into line with the needs of Kansas citizens. We believe that SB 459 represents a necessary move toward recognizing the inescapable demographic truth behind long term care needs for Kansans. SB 459 also recognizes the dignity and freedom of choice that we owe to seniors and their families, by contemplating use of these budget figures to support choice in services. We further believe SB 459 amplifies the need for Home and Community Based Services to be recognized as an equal entitlement, creating real choices for our seniors, their families and people with disabilities.

We would encourage the use of consensus caseload estimates as the foundation for budgeting for the long term care needs of all Kansans.

Thank you for your support in the passage of SB 459.

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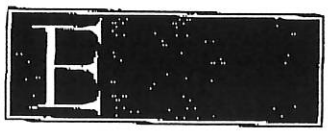

ALTERNATIVE™

Ideas and tools that promote quality improvement in health care organizations

Dear Senator Morris,

For the past ten years, I have been working to improving the quality of long-term care in Kansas and all across America. Much of my effort has been directed to helping nursing homes reform with the help of an innovation called the Eden Alternative. I am proud to say that many Kansas nursing homes have adopted its practices and many more are poised to do so in the near future.

As part of my work in this area I recently visited Topeka and was honored to spend an entire day with Kansas academics, policy makers, legislators advocates and long-term care providers. In preparation for my visit, I studied the text of Senate Bill 459. This is a remarkable piece of legislation that holds great promise for the elders of your state. As you know, Kansas is positioned on the leading edge of the looming age wave and many states will be looking to you for leadership in this area. In the past, it has been adequate to have funding for aging related services scattered all across the state budget. I would suggest that this is no longer the best approach and could cost the state dearly in the long run.

Any government that is dedicated to creating the highest possible quality of life for its older citizens must have a full accounting of all funds that are currently being expended in this area. The stakes are high. The margin for error is shrinking. The opportunity for national leadership is great.

Passing Senate Bill 459 would allow all Kansas stakeholders to understand and work to maximize the impact of every dollar of public funding that is devoted to services for older Kansans. Because it would be comprehensive, such a budget would allow a highly diverse group of individuals and organizations to cooperate in the creation of new approaches to aging that would otherwise have been impossible. The bill is an important step toward improving the performance of the entire system. Without such a budget, reform efforts will remain fragmented and incomplete. Surely, you will also be hearing from those who oppose this bill, I think such opposition will relate primarily to the natural desire of some to protect their "turf." Such objections are real and need to be heard but should not be allowed to impede the larger goal of better serving your state's elders. Please note that Kansas AARP and KAHSA are united in their support of this legislation.

Please let me know if there is anything further that I can add to your deliberations on this important question.

Sincerely,

William H. Thomas, M.D.
Founder
The Eden Alternative

742 Turnpike Rd. • Sherburne, New York 13460 • Phone: (607) 674-5232 • Fax: (607) 674-6723
Email: info@edenalt.com • Website: www.edenalt.com

Senate Ways and Means
3-5-04
Attachment 10

Kansas Advocates for Better Care

Promoting Quality Long-term Care since 1975

913 Tennessee, Suite 2
Lawrence, KS 66044-6904
phone: (785) 842-3088
toll-free: (800) 525-1782
fax: (785) 749-0029
e-mail: info@kabc.org
website: www.kabc.org

Senate Bill 459
requiring information regarding services for seniors and their families as part of budget estimates of state agencies and the Governor's budget report

March 5, 2004

Honorable Chairman Morris and
Senate Ways and Means Committee Members:

Kansas Advocates for Better Care (KABC) enthusiastically supports SB 459.

Kansas Advocates for Better Care is a statewide non-profit organization that promotes quality long-term care. It has been assisting consumers for almost 30 years as they try to understand the complexity of the long-term care system.

This bill does for seniors what the "children's budget" does for youth in Kansas. The children's budget has a proven track record of helping assess whether state programs are duplicative or have missing areas of need. It can be an effective budget control by program area.

This bill would provide a rich source of information for consumers to be better informed about programs and services available to them. This bill would enable KABC to more effectively and efficiently serve consumers who are seeking information about long-term care choices.

KABC requests the Committee to pass favorably on SB 459.

Thank you for this opportunity to comment on this important legislation.

Deanne Bacco, Executive Director, KABC

Senate Ways and Means
3-5-04
Attachment 11

FY 2004 and FY 2005

SENATE SUBCOMMITTEE REPORTS

Department on Aging

Senator Jean Schodorf, Chair

Senator Henry Helgerson

Senator David Jackson

Senate Ways and Means
3-5-04
Attachment 12

House Budget Committee Report

Agency: Department on Aging **Bill No.** HB 2899 **Bill Sec.** 34

Analyst: Calderwood **Analysis Pg. No.** Vol. 2 - 1089 **Budget Page No.** 35

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
All Funds:			
State Operations	$ 14,490,935	$ 14,490,935	$ 0
Aid to Local Units	0	0	0
Other Assistance	406,286,250	405,800,250	0
TOTAL	$ 420,777,185	$ 420,291,185	$ 0
State General Fund:			
State Operations	$ 5,866,973	$ 5,866,973	$ 0
Aid to Local Units	0	0	0
Other Assistance	150,925,854	148,830,807	0
TOTAL	$ 156,792,827	$ 154,697,780	$ 0
FTE Positions	213.0	213.5	0.0
Non FTE Uncl. Perm. Pos.	3.0	2.5	0.0
TOTAL	216.0	216.0	0.0

Agency Estimate/Governor's Recommendation

The agency's current year estimate for operating expenditures of $420,777,185 is a decrease of $4,505,453 or 1.1 percent, from the approved budget. The agency estimates FY 2004 State General Fund expenditures of $156,792,827, a decrease of $10,391,484 or 6.2 percent, from the approved budget.

The Governor recommends current year operating expenditures of $420,291,185, a decrease of $4,991,453 or 1.2 percent, from the approved budget. The Governor estimates State General Fund expenditures of $154,697,780, a decrease of $12,486,531 or 7.5 percent, from the approved budget.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation for FY 2004, with the following notation:

1. The Budget Committee recognizes the concerns associated with the unpaid claims for providers under the EDS payment system. The budget committee plans to meet with EDS representatives and the Secretaries for the Department

on Aging and the Department of Social and Rehabilitation Services to address the timing of payments to providers prior to Omnibus.

House Committee Recommendation

The House Committee concurs with the House Budget Committee recommendation.

Senate Subcommittee Report

Agency: Department on Aging **Bill No.** SB 536 **Bill Sec.** 34

Analyst: Calderwood **Analysis Pg. No.** Vol. 2 - 1089 **Budget Page No.** 35

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
All Funds:			
State Operations	$ 14,490,935	$ 14,490,935	$ 0
Aid to Local Units	0	0	0
Other Assistance	406,286,250	405,800,250	0
TOTAL	$ 420,777,185	$ 420,291,185	$ 0
State General Fund:			
State Operations	$ 5,866,973	$ 5,866,973	$ 0
Aid to Local Units	0	0	0
Other Assistance	150,925,854	148,830,807	0
TOTAL	$ 156,792,827	$ 154,697,780	$ 0
FTE Positions	213.0	213.5	0.0
Non FTE Uncl. Perm. Pos.	3.0	2.5	0.0
TOTAL	216.0	216.0	0.0

Agency Estimate/Governor's Recommendation

The agency's current year estimate for operating expenditures of $420,777,185 is a decrease of $4,505,453 or 1.1 percent, from the approved budget. The agency estimates FY 2004 State General Fund expenditures of $156,792,827, a decrease of $10,391,484 or 6.2 percent, from the approved budget.

The Governor recommends current year operating expenditures of $420,291,185, a decrease of $4,991,453 or 1.2 percent, from the approved budget. The Governor estimates State

General Fund expenditures of $154,697,780, a decrease of $12,486,531 or 7.5 percent, from the approved budget.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation for FY 2004, with the following notation:

1. The Subcommittee expresses concern regarding the EDS payment system. The Subcommittee notes testimony regarding a number of unpaid claims and the impact on cash flow, in particular, on smaller providers across the state. The Subcommittee notes that the Department of Social and Rehabilitation Services (SRS) administers the state Medicaid plan and requests an update from both SRS and the Department on Aging regarding the timing of payments to providers and the number of outstanding claims under the EDS payment system prior to Omnibus. The Subcommittee requests additional review of the payment process by the Subcommittee on the Department of Social and Rehabilitation Services.

House Budget Committee Report

Agency: Department on Aging **Bill No.** HB 2900 **Bill Sec.** 31

Analyst: Calderwood **Analysis Pg. No.** Vol. 2–1089 **Budget Page No.** 35

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
All Funds:			
State Operations	$ 14,165,373	$ 14,392,454	$ 0
Aid to Local Units	0	0	0
Other Assistance	429,860,988	415,353,759	0
TOTAL	$ 444,026,361	$ 429,746,213	$ 0
State General Fund:			
State Operations	$ 5,534,330	$ 5,607,105	$ 0
Aid to Local Units	0	0	0
Other Assistance	169,648,622	161,974,125	0
TOTAL	$ 175,182,952	$ 167,581,230	$ 0
FTE Positions	213.0	213.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	216.0	216.0	0.0

Agency Request/Governor's Recommendation

The agency requests FY 2005 operating expenditures of $444,026,361, an increase of $23,249,176 or 5.5 percent from the revised current year estimate. The agency request includes $175,182,952 in State General Fund expenditures, an increase of $18,390,125 or 11.7 percent from the revised current year estimate.

The request includes enhancement requests of $19,856,176, including $7,898,682 from the State General Fund, for Nursing Facilities, Community Based Services, the Program of All-inclusive Care for the Elderly (PACE), and the Senior Farmers Market Nutrition Program. Absent that request, the agency's request would be an increase of $3,393,000 or 0.8 percent from the current year estimate.

The Governor recommends FY 2005 operating expenditures of $429,746,213, an increase of $9,455,028 or 2.2 percent, from the current year recommendation. The Governor recommends State General Fund expenditures of $167,581,230, an increase of $12,883,450 or 8.3 percent, from the current year recommendation. The Governor recommends an enhancement of $165,000 from the State General Fund to increase Nutrition Program expenditures for the Meals on Wheels check-off. The recommendation for reduced resources includes a $934,359 reduction in the Senior Care Act budget, for a total program budget of $6 million.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional $24,819,112 State General Fund.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation, with the following adjustments and notations:

1. The Budget Committee expresses concern for the health of rural Nursing Facilities. Testimony before the budget committee indicated that approximately 40 nursing facilities that have less than 40 beds are located in rural areas and function as the major employers in the community. The Budget Committee recognizes that these long-term care facilities are crucial to small communities and their economies, particularly in western Kansas.

   The Budget Committee recommends that the Kansas Department on Aging (KDOA), along with representatives from the Kansas Health Care Association and the Kansas Association of Homes & Services for the Aging, work to create a formal appeal or hearing process to grant variance from the current 85 percent occupancy rate rule for fixed costs to help address the needs of these facilities.

2. The Budget Committee notes the importance of data integrity and security for the Department on Aging and the Department of Social and Rehabilitation Services (SRS). The Budget Committee cites the recent post audit of the Kansas Department of Health and Environment and encourages the Department to invite an informal evaluation of the Department computer systems by an Information Technology auditor from the Division of Legislative Post Audit. The Budget Committee recommends that an update on the security and integrity of these systems be provided to the 2005 Legislature and updates be provided as needed prior to that time to the Joint Committee on Information Technology.

3. The Budget Committee expresses concern about the spend down procedure required before individuals qualify for financial eligibility for the waiver system. The Budget Committee believes that waiver funds should go to those Kansans with the greatest needs, rather than first come, first serve. The spend down review should determine the availability of family members to assist in the care and finances of their family member. The Budget Committee observes that the spend down procedure must not function simply as a mechanism to get rid of dollars, but as a process by which individuals pay for their care until state funding becomes available. The Budget Committee encourages the Department to evaluate the spend down procedure for the Frail Elderly (FE) Waiver and encourage individuals to spend down on their care.

4. The Budget Committee notes the success of PACE (Program for All-inclusive Care for the Elderly) in Wichita. The Budget Committee recognizes the need for this model of care that targets the dual eligible population and serves to meet all the medical needs of the individual as well as the psychosocial and supportive care needs to keep them in their homes. The Budget Committee cites testimony that the program provides comprehensive one-stop care for program participants with an interdisciplinary team of providers, which allows the participants to avoid many expensive hospital and nursing home stays and instead remain in their own homes.

   The Budget Committee is encouraged by the Department's enhancement request to expand PACE to the Topeka area. The Budget Committee recommends that the Topeka program be considered a pilot project in the Department's FY 2005 budget and encourages the Secretary to find the

resources to fund the program, estimated at $876,000 all funds ($344,706 SGF), within the Department's existing budget.

5. The Budget Committee supports the intent of the Department to increase the $6 million Senior Care Act budget included in the Governor's recommendation. The Department stated that it plans to carry forward $500,000 from FY 2004 to create a $6.5 million budget for FY 2005. The Department estimates that 5,454 elderly Kansans would be served under the Governor's recommended budget. With the reappropriation of Senior Care Act funds, the Department estimates that it would be able to serve 5,880 elderly Kansans in FY 2005.

6. It is recognized by this committee that the ultimate goal of both the Department and the providers of care is that the care of the citizens of Kansas be the highest quality possible. It is also recognized that in order to accomplish this goal, a positive attitude must be maintained by both the nursing facility providers, including all employees of the provider, and all Department personnel. The perceptions of both parties have, in the past, created situations that have led to less than the optimum climate for quality care. In order to accomplish this goal of providing quality care for the aging residents of Kansas, the age-old concept that surveyors are not in the facility to "help" must be changed so that the Department surveyors and the providers become partners, and come to the process with a positive attitude.

7. The Budget Committee recognizes a quality program, the Assistive Technology for Kansans Project (ATK). The project has five access sites across the state for people with disabilities, their families, and service providers to provide access to information and services that they may need. The project, funded through a federal grant awarded to the Kansas University Center on Developmental Disabilities, helps coordinate recycled and refurbished assistive technology equipment. ATK indicated that during Federal FY 2003 it provided over 900 loans of devices. The Budget Committee encourages the expansion and promotion of this program. The Budget Committee also encourages the project coordinators and case mangers to look into equipment purchased from Medicare.

8. The Budget Committee acknowledges that elderly Kansans are waiting to access services provided through both the FE Waiver and the Senior Care Act. The Budget Committee recognizes that while the waiting lists are rotating as quickly as possible, some individuals do remain waiting for services. The Budget Committee notes that as of December 31, 2003, 625 people were on the waiting list for the FE waiver and 266 were awaiting services from the Senior Care Act.

   The Budget Committee recommends that if and when any additional funds become available for FY 2005, they be used to address the needs of the most vulnerable Kansans, namely the elderly and the disabled. The Budget Committee requests that the Department provide an update on the waiting lists for the FE waiver and Senior Care Act, prior to Omnibus.

9. The Budget Committee directs the Department to review the rebasing procedure with FY 2001 as the base year for rate setting for nursing facility reimbursements. The Budget Committee cites concern about the extraordinary costs associated with liability insurance for the facilities.

10. The Budget Committee notes its continued concern with the FE waiver reimbursement rate for self-directed and agency-directed services. This

committee is aware that self-directing is creating issues that may have to be statutorily corrected. The committee also notes that it may receive further information regarding these issues prior to the end of this month. The Budget Committee notes that approximately 35 percent of the HCBS/ FE customers choose to self-direct their care. The Budget Committee requests a comparison of reimbursement rates and requirements under self-direct and agency-directed services.

11. The Budget Committee continues to encourage a focus on the study of Money Follows the Person. The Budget Committee notes that although federal dollars are not available in the proposed federal government budget this year, Kansas will continue its efforts to study these effects. Kansas has not received any federal moneys to study the movement of Medicaid and state dollars associated with persons leaving nursing facilities and onto the HCBS waivers. The Budget Committee notes testimony from the Department that indicates that as of December 31, 2003, sixteen people have moved to the HCBS/FE Waiver and ten people have moved to the HCBS/PD Waiver with a total of $95,570 SGF transferred.

12. The Budget Committee notes testimony that indicated that the state of Washington has created a program where statewide case managers go into nursing facilities and develop transitions plans for residents to return to the community. The goal would be to have nursing facilities used for acute care only. The Budget Committee encourages an open dialogue between the Department and the Centers for Independent Living to further explore these possibilities.

House Committee Recommendation

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

1. Amend Item 2 to read: The Budget Committee notes the importance of data integrity and security for the Department on Aging and the Department of Social and Rehabilitation Services (SRS). The Budget Committee cites the recent post audit of the Kansas Department of Health and Environment and encourages the Department to invite an informal evaluation of the Department computer systems, using the standards for review created by the Joint Committee on Information Technology, by the Legislative Chief Information Technology Officer. The Budget Committee recommends that an update on the security and integrity of these systems be provided to the 2005 Legislature and updates be provided as needed prior to that time to the Joint Committee on Information Technology.

2. The Committee requests the Department provide a review of the nutrition program funding formula for the Area Agencies on Aging prior to Omnibus.

Senate Subcommittee Report

Agency: Department on Aging **Bill No.** SB 538 **Bill Sec.** 31

Analyst: Calderwood **Analysis Pg. No.** Vol. 2 - 1089 **Budget Page No.** 35

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	Senate Subcommittee Adjustments*
All Funds:			
State Operations	$ 14,165,373	$ 14,392,454	$ (257,629)
Aid to Local Units	0	0	0
Other Assistance	429,860,988	415,353,759	0
TOTAL	$ 444,026,361	$ 429,746,213	$ (257,629)
State General Fund:			
State Operations	$ 5,534,330	$ 5,607,105	$ (102,998)
Aid to Local Units	0	0	0
Other Assistance	169,648,622	161,974,125	0
TOTAL	$ 175,182,952	$ 167,581,230	$ (102,998)
FTE Positions	213.0	213.0	0.0
Non FTE Uncl. Perm. Pos.	3.0	3.0	0.0
TOTAL	216.0	216.0	0.0

*The entire adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The agency requests FY 2005 operating expenditures of $444,026,361, an increase of $23,249,176 or 5.5 percent from the revised current year estimate. The agency request includes $175,182,952 in State General Fund expenditures, an increase of $18,390,125 or 11.7 percent from the revised current year estimate.

The request includes enhancement requests of $19,856,176, including $7,898,682 from the State General Fund, for Nursing Facilities, Community Based Services, the Program of All-inclusive Care for the Elderly (PACE), and the Senior Farmers Market Nutrition Program. Absent that request, the agency's request would be an increase of $3,393,000 or 0.8 percent from the current year estimate.

The Governor recommends FY 2005 operating expenditures of $429,746,213, an increase of $9,455,028 or 2.2 percent, from the current year recommendation. The Governor recommends State General Fund expenditures of $167,581,230, an increase of $12,883,450 or 8.3 percent, from the current year recommendation. The Governor recommends an enhancement of $165,000 from the State General Fund to increase Nutrition Program expenditures for the Meals on Wheels check-off. The recommendation for reduced resources includes a $934,359 reduction in the Senior Care

Act budget, for a total program budget of $6 million.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional $24,819,112 State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation, with the following adjustments and notations:

1. **Pay Plan Adjustment** - Delete $257,629, including $102,998 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

2. The Subcommittee recognizes the importance of fully funding Community Based Services, allowing Kansas seniors to remain in their homes longer before entering long-term care facilities, thus reducing Medicaid costs and places priority on addressing the waiting lists for community based services. The Subcommittee notes below the costs associated with Nursing Facilities, the Home and Community Based Services/ Frail Elderly Waiver, and the Senior Care Act. The Subcommittee further notes the costs associated to eliminate the waiting lists for both the HCBS/FE waiver and the Senior Care Act.

A. Nursing Facility Caseload

	FY 2002 Actual	FY 2003 Actual	October Case Load Estimate FY 2004	October Case Load Estimate FY 2005
Number of Medicaid customers (monthly average)	10,979	10,774	10,700*	10,600*
Average cost per client per month	$ 2,270	$ 2,362	$ 2,451	$ 2,544
Total (All Funds)	$ 299.1 million	$ 305.4 million	$ 316.5 million	$ 327.0 million
Total (SGF)	$ 119.6 million	$ 121.5 million	$ 115.1 million	$ 127.7 million

* The FY 2004 and FY 2005 estimate for customers and average cost were part of the Department on Aging's estimates. The agency estimated for FY 2005 that monthly costs would increase by 3.8 percent, while customers would decline by 1 percent from FY 2004. The FY 2004 and FY 2005 caseload estimates reflect the inclusion of funding for PACE.

B. HCBS/FE Waiver

	FY 2002 Actual	FY 2003 Actual	FY 2004 Gov. Rec	FY 2005 Gov. Rec.
Number of unduplicated customers	8,137	6,678	7,400	8,000
Average cost per client per month	$ 800	$ 896	$ 920	$ 952
Total (All Funds)	$ 58.2 million	$ 53.5 million	$ 60.7 million	$ 61.7 million
Total (SGF)*	$ 5.0 million	$ 2.6 million	$ 22.1 million	$ 24.1 million

* In FY 2002 and FY 2003, the Department had access to IGT funds to offset State General Fund moneys for the HCBS/FE waiver. These funds are not available for either FY 2004 or FY 2005.

The Subcommittee further notes the current and projected wait lists for HCBS/ FE services and the costs associated with sustaining and eliminating the wait list and requests a review of the funding for the waiver at Omnibus:

a. Wait List for HCBS/ FE waiver, as of 12/31/2003: **625**

b. Projected average wait list for HCBS/ FE waiver under FY 2005 Gov. Rec.: **899**

c. Cost to sustain the ending FY 2004 wait list: addition of **$6,835,380 All Funds ($2,689,722 SGF)**

d. Cost to eliminate the projected FY 2005 wait list, Department enhancement request: addition of **$10,262,580 All Funds ($4,038,590 SGF)**

C. Senior Care Act

	FY 2002 Actual	FY 2003 Actual	FY 2004 Gov. Rec*	FY 2005 Gov. Rec.*
Customers Served	9,014	6,290	6,730	5,454
Average cost per year (SGF)	$ 873	$ 1,077	$ 1,100	$ 1,100
Total SGF expended/ budgeted	$ 7,865,402	$ 6,774,547	$ 7,403,497	$ 6,000,000

* The Department indicated that it plans to reappropriate $500,000 from the FY 2004 SCA budget to the FY 2005 SCA budget for a total SCA budget of $6,500,000. The Department estimates serving 6,304 customers in FY 2004 and 5,880 customers in FY 2005.

3. The Subcommittee notes that the Senior Care Act Budget for FY 2005 has been increased by $500,000 SGF to reflect a decision by the Department to reappropriate $500,000 from the FY 2004 SCA budget to the FY 2005 SCA budget. The Subcommittee supports this decision and further recommends consideration be given to increasing the Senior Care Act budget by $400,000 SGF to $6.9 million and requests a review of the Senior Care Act budget financing at Omnibus. The Subcommittee expresses concern regarding the agency's reduced resources package and the proposed elimination of the Senior Care Act budget. The Subcommittee recognizes the importance of this program that provides in-home services for Kansas seniors as a tool to maintain seniors in their homes, thus delaying admissions to higher cost nursing facilities.

The Subcommittee further notes the current and projected wait lists for Senior Care Act Services and the costs associated with sustaining and eliminating the wait list for FY 2005:

a. Wait List for Senior Care Act services, as of 12/31/2003: **266**

b. Projected average wait list for Senior Care Act waiver under FY 2005 Gov. Rec.: **1,029**

c. Projected average wait list for Senior Care Act waiver under FY 2005 Gov. Rec. with reappropriation of $500,000: **603**

d. Cost to eliminate the projected FY 2005 wait list from Gov. Rec.: addition of **$1,131,259 SGF**

4. The Subcommittee recommends that the HCBS/FE waiver and the Senior Care Act services be included in the FY 2006 caseload estimate. The Subcommittee further recommends that all community-based services waivers be included in the FY 2006 caseload projections. Currently, the caseload estimates include the state's nursing facilities and the PACE site in Wichita.

5. The Subcommittee recommends that the Department on Aging and the Department of Social and Rehabilitation Services bring information regarding the base dollars necessary to fund institutionalization and the real costs and associated fiscal impact to fund these facilities to the subcommittees on Aging and SRS with future budget submissions. The Subcommittee is concerned that without rebasing on a yearly basis, that true costs realized by nursing facilities may not be factored in the caseload estimating process.

6. The Subcommittee recognizes the need to fund senior employment services and recommends that the Older Kansas Employment Program (OKEP) and the Senior Community Service Employment Program (SCSEP) be transferred to the Department on Aging in FY 2005. The Subcommittee notes that OKEP and SCSEP would be transferred from the Department of Human Resources through the Executive Reorganization Order No. 31 to the Department of Commerce. The Subcommittee expresses concern that no State General Fund moneys were recommended to fund the Older Kansans Employment Program for FY 2005, which has been state funded since 1982. The Subcommittee notes that the Governor's Department of Human Resources FY 2005 budget recommendation for OKEP did not recommend ending the program, but rather finding federal resources to supplant the $239,430 SGF in FY 2005. The Subcommittee supports the program and recognizes its long-standing history and support to Kansas seniors and recognizes that funding issues must be resolved. The Subcommittee recommends a review of this funding prior to Omnibus.

7. The Subcommittee notes the transfer of the Nursing Facilities Regulation Program from the Department of Health and Environment to the Department on Aging. The Subcommittee notes that the physical move of this program to one building was completed on February 28, 2004 and recognizes the difficulties associated with transferring the program and relocation of the employees. The Subcommittee now encourages the Department to review its survey process for Nursing Facilities to allow for additional information to be available to providers. The Subcommittee notes that the Licensure, Certification, and Evaluation Commission conducted 350 resurveys of facilities and an additional 712

complaint surveys in addition to the annual 313 surveys during FY 2003. The Subcommittee understands that the health and safety of the residents are of the utmost importance in the evaluation of these facilities, but also believes that the survey process should encompass an educational component to help facilities better understand the deficiencies cited and the ability to correct immediately any proposed citations impacting the quality of resident care.

The Subcommittee notes the Department's effort in conducting meetings with interested parties regarding the transfer of the Nursing Facilities Regulation Program and the survey process under the Department on Aging, begun in May 2003. The Subcommittee believes these meetings could provide additional information regarding the inspection process and address the needs of the providers of care, their employees, and the Department surveyors in improving the survey process. The Subcommittee recommends that the Department provide a report to the Long-Term Care Services Task Force during the Interim and the 2005 Legislature outlining the information and any related goals and objectives from these meetings.

8. The Subcommittee expresses concern about the Plans of Care and Assistive Technology. The Subcommittee cites testimony regarding a change from twelve months to six months for adjustments in Plans of Care to offset the costs of Assistive Technology. The Subcommittee requests a review of this policy change and any associated costs from the Department prior to Omnibus.

9. The Subcommittee requests a Legislative Post Audit to review the discrepancies in rates and hours, and to investigate potential cost savings and impact on the HCBS/FE waiver wait list, and any related recommendations regarding Medicare and Medicaid regulations, between the Self-directed and Agency-directed services for the Home and Community Based Services Frail Elderly and Physical Disability Waivers. The Subcommittee notes that during FY 2003, 42 percent of HCBS/FE customers were classified by the Department as self-direct with active plans of care, while 61 percent of the expenditures for the waiver services are attributed to these customers. The Subcommittee heard testimony regarding the possible reasons why self-direct plans of care may appear to have higher costs/ more hours than agency-directed plans. The cited reasons include the possible inability of home health agencies to provide night support and respite care; hours of service, including weekend time, particularly in rural areas; transportation; and difficulties associated with Workers' Compensation; and the number of hours and times of day that an individual may request service. The Subcommittee also notes that if the self-direct hours were cut from the FY 2003 average of 68.42 to 50.0 hours, savings of approximately $7.9 million could be achieved.

   The Subcommittee further recommends, after the publication of the report, an evaluation by the Department on Aging and the Long-Term Care Services Task Force to review the audit findings and report any suggestions to the 2005 Legislature.

10. The Subcommittee recognizes the impact of long-term care facilities to the economies of Kansas' rural communities and expresses concern about the health of these important facilities. The Subcommittee notes testimony indicating special concern for rural nursing facilities, and notes that approximately 40 nursing facilities that have less than 40 beds and function as the major employers in these communities. The Subcommittee has concerns

about rebasing using the FY 2001 model, and recommends that the Department work with stakeholders including the Kansas Health Care Association and the Kansas Association of Homes and Services for the Aging, to create an informal appeals or hearing process to grant a variance from the current 85 percent occupancy rate rule for fixed costs.

11. The Subcommittee recognizes the importance of the PACE (Program for All-inclusive Care for the Elderly) as a model of care in the Kansas Nursing Facilities environment. The Subcommittee notes this model of care targets the dual eligible population by providing "wraparound" services through a coordinated, comprehensive program of care. The Subcommittee notes testimony from the Department that PACE, as a nationwide model of care, allows states to more accurately predict their Managed care costs and that the provider then assumes that risk. The Subcommittee recommends that the PACE program be expanded, as part of the Department's enhancement request of $876,000 ($344,706 SGF), to the Topeka area and funded from within existing resources as part of the caseload estimate.

    The Subcommittee further recommends that before any further expansion beyond Wichita and Topeka, that in-state analysis of these two PACE sites be conducted to determine if this model of care is cost-effective. The Subcommittee notes an active grant from the National PACE association for Kansas to explore the possibility of a rural site serving as a PACE site.

12. The Subcommittee notes testimony regarding the changing role of the nursing facility in long-term care, especially noting that one third of all nursing home admissions are considered "short stay". The Subcommittee cites the success seen in other states and notes testimony indicating that the state of Washington has created a program where statewide case managers go into nursing facilities and develop transition plans for residents to return to the community. The Subcommittee further notes that Maine was able, in just a few years, to cut the time Medicaid clients stay in nursing homes by 44 percent and was able to adjust the total per person spending on Medicaid-funded long-term care, which has decreased by 12 percent. In addition, although the number of people accessing long-term care services has increased by 30 percent since 1995, total spending has increased by only 17 percent. The Subcommittee encourages the Department to review options for nursing facilities serving as acute care only facilities and the possibilities for such models in the Kansas environment.

MINORITY REPORT

1. The Minority recommends funding 85 percent of both the Home and Community-Based Services/Frail Elderly Waiver and the Senior Care Act projected FY 2005 waiting lists. The additional funding necessary to fund this recommendation is $3,432,801 SGF ($8,723,193 AF) for the HCBS/FE waiver and $461,570 SGF after the $500,000 reappropriation for the Senior Care Act.

2. The Minority recommends placing the Older Kansas Employment Program (OKEP) in the Department on Aging and adding $239,430 SGF in FY 2005 to fund the program.

Senator Henry Helgerson

MINORITY REPORT

1. The Minority recommends providing full funding for the HCBS/FE waiver, which would result in no wait list in FY 2005. The additional funding required to fund the projected average wait list of 899 individuals is $10,262,580 ($4,038,590 SGF). In addition, I recommend a reduction of $4,038,590 in the FY 2005 Senior Care Act budget estimated with the reappropriation at $6,500,000, for a total Senior Care Act budget of $2,461,410.

2. The Minority recommends placing the Older Kansas Employment Program (OKEP) in the Department on Aging and adding $239,430 SGF in FY 2005 to fund the program.

Senator Henry Helgerson

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March 4, 2004

To: Legislative Budget Committee

STATE GENERAL FUND RECEIPTS
July through February, FY 2004

Based on the revised estimate of SGF receipts in FY 2004 made last November, it was estimated that receipts in November through February would total $2.870 billion. Actual receipts for those four months were $2.858 billion or 0.4 percent below the estimate. (Remember that the figures in the "Estimate" and "Actual" columns under FY 2004 in the following table include actual receipts in July through October.)

Total receipts from July through February of FY 2004 were $11.4 million or 0.4 percent below the estimate. The component of SGF receipts from taxes only was $13.6 million or 0.5 percent below the estimate. Total taxes only at the end of January were $0.7 million or 0.0 percent below the estimate.

Taxes falling below the estimate by more than $1.0 million were retail sales ($13.4 million or 1.2 percent), individual income ($11.9 million or 1.0 percent), cigarette ($6.5 million or 7.6 percent), severance ($3.8 million or 6.6 percent), financial institutions privilege ($2.8 million or 16.7 percent), and compensating use ($2.5 million or 1.7 percent). Of note is individual income tax balance due remittances were approximately 15,000 fewer at the end of February 2004, as compared to the end of February 2003. However, February 2004 individual income tax receipts were still $40.5 million or 3.6 percent above February 2003 individual income tax receipts. February 2004 retail sales tax receipts were $28.3 million or 2.7 percent above February 2003 retail sales tax receipts.

The tax sources that exceeded the estimate by more than $1.0 million were corporation income ($15.6 million or 26.1 percent), insurance premiums ($6.6 million or 15.3 percent), and motor carriers property tax ($2.1 million or 18.2 percent). Remember that corporation income tax receipts reflect $10 million received in December 2003 for amnesty tax payments that had not been part of the total estimated corporate income tax receipts for FY 2004.

Net transfers out of the SGF were $1.6 million more than the estimate. Interest earnings exceeded the estimate by $0.9 million and agency earnings exceeded the estimate by $3.0 million.

Total SGF receipts through February of FY 2004 were $250.0 million or 9.6 percent above FY 2003 for the same period. **Tax receipts only for the same period exceeded FY 2003 by $138.8 million or 5.3 percent.**

This report excludes the July 1 deposit to the SGF of $450.0 million pursuant to the issuance of a certificate of indebtedness. This certificate will be discharged prior to the end of the fiscal year.

Senate Ways and Means
3-5-04
Attachment 13

STATE GENERAL FUND RECEIPTS
July-February, FY 2004
(dollar amounts in thousands)

	Actual FY 2003	FY 2004 Estimate*	FY 2004 Actual	FY 2004 Difference	Percent Increase– FY 2004 Over FY 2003	Percent Increase– FY 2004 Over Estimate
Property Tax:						
Motor Carriers	$ 11,302	$ 11,250	$ 13,300	$ 2,050	17.7 %	18.2 %
General Property	0	8,500	7,835	(665)	--	(7.8)
Motor Vehicle	0	1,200	999	(201)	--	(16.8)
Total	$ 11,302	$ 20,950	$ 22,134	$ 1,184	95.8 %	5.7 %
Income Taxes:						
Individual	$ 1,116,587	$ 1,169,000	$ 1,157,127	$ (11,873)	3.6 %	(1.0) %
Corporation	29,041	59,800	75,410	15,610	159.7	26.1
Financial Inst.	15,014	16,600	13,833	(2,767)	(7.9)	(16.7)
Total	$ 1,160,642	$ 1,245,400	$ 1,246,370	$ 970	7.4 %	0.1 %
Estate/Succ. Tax	$ 31,591	$ 30,500	$ 34,820	$ 4,320	10.2 %	14.2 %
Excise Taxes:						
Retail Sales	$ 1,058,257	$ 1,100,000	$ 1,086,597	$ (13,403)	2.7 %	(1.2) %
Comp. Use	148,243	145,000	142,492	(2,508)	(3.9)	(1.7)
Cigarette	86,932	86,000	79,463	(6,537)	(8.6)	(7.6)
Tobacco Prod.	3,031	3,250	3,133	(117)	3.4	(3.6)
Cereal Malt Bev.	1,552	1,675	1,479	(196)	(4.7)	(11.7)
Liquor Gallonage	10,022	10,700	10,542	(158)	5.2	(1.5)
Liquor Enforce.	26,023	27,300	26,822	(478)	3.1	(1.8)
Liquor Drink	4,411	4,800	4,692	(108)	6.4	(2.3)
Corp. Franchise	11,836	15,200	15,699	499	32.6	3.3
Severance	42,507	58,100	54,261	(3,839)	27.7	(6.6)
Gas	31,933	46,500	42,604	(3,896)	33.4	(8.4)
Oil	10,574	11,600	11,658	58	10.3	0.5
Total	$ 1,392,814	$ 1,452,025	$ 1,425,178	$ (26,847)	2.3 %	(1.8) %
Other Taxes:						
Insurance Prem.	$ 42,971	$ 43,150	$ 49,745	$ 6,595	(15.8) %	15.3 %
Miscellaneous	2,814	2,600	2,736	136	(2.8)	5.2
Total	$ 45,785	$ 45,750	$ 52,480	$ 6,730	(14.6) %	%
Total Taxes	$ 2,642,134	$ 2,794,625	$ 2,780,982	$ (13,643)	5.3 %	(0.5) %
Other Revenue:						
Interest	$ 13,514	$ 8,200	$ 9,082	$ 882	(32.8) %	10.8 %
Transfers (net)	(83,940)	(15,800)	(17,426)	(1,626)	--	10.3
Agency Earnings and Misc.	36,900	82,550	85,550	3,000	131.8	3.6
Total	$ (33,526)	$ 74,950	$ 77,206	$ 2,256	-- %	3.0 %
TOTAL RECEIPTS	$ 2,608,607	$ 2,869,575	$ 2,858,188	$ (11,387)	9.6 %	(0.4) %

* Consensus estimate as of November 3, 2003. Excludes $450 million to State General Fund due to issuance of a certificate of indebtedness.

NOTES: Details may not add to totals due to rounding.

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