

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 3:00 P.M. on June 27, 2005 in Room 514-S of the Capitol.

All members were present except:

- Representative Light- excused
- Representative Newton- excused
- Representative Sawyer- excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Amy VanHouse, Legislative Research Department
- Reagan Cussimano, Legislative Research Department
- Audrey Dunkel, Legislative Research Department
- Becky Krahl, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Mike Corrigan, Revisor of Statutes
- Nikki Feuerborn, Administrative Assistant
- Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

- Sandra Hazlett, Director of Child Welfare, Department of Social and Rehabilitation Services (SRS)
- Don Jordan, Acting Commissioner, Juvenile Justice Authority (JJA)

Others attending:

See attached list.

- Attachment 1 Adoption Contract Funding and Level V Treatment Costs
- Attachment 2 Level V Reimbursement Rates and Costs, Juvenile Justice Authority (JJA)

Chairman Neufeld stated that this meeting had been called for the purpose of addressing the issue of the possible closing of Level V beds in several facilities because of funding restrictions and for the Committee to receive information on what steps are being taken to continue Level V services for the children of Kansas.

Audrey Dunkel, Legislative Research Department, presented information on (1) duplicate funding in the 2006 budget of the Adoption Contract through the Department of Social and Rehabilitation Services (SRS) budget; and (2) possible closure of some Level V facilities because of costs associated with the care ([Attachment 1](#)). Ms. Dunkel also presented information provided by Juvenile Justice Authority on Juvenile Correctional facility costs for Level V beds ([Attachment 2](#)). Ms. Dunkel indicated that Level V residential facilities provide services to children who have either mental or behavioral problems which prevent them from successfully living and participating in the community. Several facilities who provide this care have indicated that they may reduce or eliminate this level of care unless the per day rate is increased.

Reagan Cussimano, Legislative Research Department, responded to a question from the Committee with regard to the lowest cost of treatment at the Larned Juvenile Correctional Facility (LJCF). Ms. Cussimano noted that LJCF receives part of their services from Larned State Hospital which is funded through the SRS budget. Don Jordan, Acting Commissioner of the Juvenile Justice Authority, stated that the services provided by Larned State Hospital to LJCF would be estimated between \$35 - \$50 per bed. Responding to a question from the Committee, Mr. Jordan indicated that JJA has an average of 320 offenders using Level V services.

Sandra Hazlett, Director of Child Welfare, Department of Social and Rehabilitation Services (SRS), commented that SRS is looking at other facilities to provide a more community and family focused placement to replace the facilities who now serve Level V offenders. Ms. Hazlett stated that SRS is working on the problem at the present time, to determine if all offenders in Level V treatment facilities really need this level of service as well as the type of facilities available in which to move these offenders if current facilities close.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 3:00 P.M. on June 27, 2005 in Room 514-S of the Capitol.

The Committee expressed concern with the current system, information not being available from SRS on how they plan to care for the Level V offenders, and the possibility of putting these children at risk.

Responding to a question from the Committee regarding possible use of foster or residential homes for Level V offenders, Ms. Hazlett stated that some current homes do not meet the criteria of a therapeutic home; however, child welfare providers give enough training and support to the home to provide a less restrictive living space for the offender. Other necessary types of services for the offender are accessed through mental health centers and other community resources.

Don Jordan, Acting Commissioner, Juvenile Justice Authority (JJA), explained that JJA uses Level V beds to keep juveniles out of correctional facilities and in a less restrictive community setting. Approximately 300 juvenile offenders would be in Level V care at any given time at the rate of \$106.50 per day. Responding to a question from the Committee, Mr. Jordan indicated that Level V facilities are Medicaid approved facilities. Add-on rates of approximately \$22.50 - \$50 are added to the base when an offender needs specific treatment beyond Level V treatment. Mr. Jordan indicated that some of the facilities who serve Level V offenders also receive funds from other sources, such as donations, above the \$106.50 per day reimbursement noting also that the Atchison and Beloit facilities have been running under capacity while the Topeka and Larned facilities are at capacity. Mr. Jordan stated that JJA has not had ample time to study the \$106.50 rate status; however, has looked at a \$15 per day increase which could be justified by a cost-of-living adjustment since 2001.

The Committee discussed the possibility of re-appropriating the funds from the double funding of the FY 2006 Adoption contract to increase the daily rate of Level V care reimbursement to \$121 per day, for a total of \$1,395,000; and using the balance of this appropriation, approximately \$1.4 million, to fund other rate increases, with SRS and JJA, each receiving a portion of these funds.

Responding to a question from the Committee, Mr. Jordan could not predict if the Level V providers would reconsider their decision to discontinue Level V services if there was an increase in the reimbursement rate.

The Chair requested that SRS and JJA work together to provide information to the Committee at the next meeting on June 28th concerning (1) how to adjust the budget and how these funds will be distributed between the two agencies; (2) plans for the use of funds outside the reimbursement rate; and (3) would legislation be necessary to accomplish this movement of funds or can a transfer be made with an agreement by both agencies.

The meeting was adjourned at 3:55 p.m. The next meeting of the Committee will be held at 10:00 a.m. on June 28, 2005.



Melvin Neufeld

June 27, 2005

To: Chairman Melvin Neufeld, House Appropriations Committee
From: Audrey Dunkel, Senior Fiscal Analyst
Reagan Cussimano, Fiscal Analyst
Re: Adoption Contract Funding and Level V Treatment Costs

The following information is being provided in response to your request for more information regarding the over-funding of the Adoption contract in FY 2006 and Level V residential treatment funding.

Adoption Contract Funding

The FY 2006 Adoption contract was inadvertently funded twice in Senate Substitute for 2005 House Bill 2482, the Omnibus Appropriations bill. As a result, the Department of Social and Rehabilitation Services (SRS) budget was over-funded by \$2,839,997 from the State General Fund.

Level V Treatment Costs

Level V residential facilities provide services to children who have either mental or behavioral problems which prevent them from successfully living and participating in the community. While some Level V facilities provide basic services, others have chosen to provide expanded services for children who are severely emotionally disturbed (SED), have committed sex offenses, or are fire starters. Children enter these facilities through either the child welfare system or the juvenile justice system.

The current rate for services in Level V facilities is \$106 per day. Funding issues have resulted in three Level V facilities—Methodist Youthville, St. Francis Academy, and Ozanam Home—giving notice that they will be either reducing or eliminating their Level V services effective the end of FY 2005. Forty-eight Level V beds will be closed and thirty-two Level V beds will be converted to Level VI beds. In the past, facilities who provided services to children in the child welfare system with high therapeutic needs received a higher daily rate of \$160 to \$180 per day. The child welfare contracts that begin on July 1, 2005 limit the FY 2006 rate for children in Level V residential placements to \$106 per day. The Juvenile Justice Authority (JJA) pays Level V facilities \$106 per day and an additional payment for add-on services, which include treatment for sex offenders and therapeutic services. Payment for these “add-on” services comes from the JJA State General Fund budget.

Closure of Level V beds will result in 68 youth in the child welfare system and 9 children from the juvenile system being placed in alternative services, including the following:

- Therapeutic foster home, a foster home with specially trained foster parents;

HOUSE APPROPRIATIONS

DATE 6-27-2005
ATTACHMENT 1

- Family Foster home with services from local mental or behavioral health providers;
- Level VI residential treatment facility, if youth meet Medicaid screening criteria. A Level VI facility is a highly structured residential hospital program that offers short-term residential services to youth to facilitate a less-restrictive placement or return home, and
- Another Level V residential facility.

Cost of a Rate Increase

The following table reflects the cost of increasing rates paid to Level V residential facilities for FY 2006 from the current level of \$106 per day:

Agency	Increase to \$115 per day		Increase to \$121 per day		Increase to \$160 per day	
	SGF	All Funds	SGF	All Funds	SGF	All Funds
SRS	\$ 342,000	\$ 720,000	\$ 570,000	\$ 1,200,000	\$ 2,052,000	\$ 4,320,000
JJA	495,000	1,050,000	825,000	1,750,000	2,970,000	6,300,000
TOTAL	<u>\$ 837,000</u>	<u>\$ 1,770,000</u>	<u>\$ 1,395,000</u>	<u>\$ 2,950,000</u>	<u>\$ 5,022,000</u>	<u>\$ 10,620,000</u>



KANSAS

JUVENILE JUSTICE AUTHORITY
DON JORDAN, ACTING COMMISSIONER

KATHLEEN SEBELIUS, GOVERNOR

JUVENILE JUSTICE AUTHORITY

June 24, 2005

Level V Reimbursement:

JJA currently pays Level V providers the Medicaid daily rate of \$106.50. Neither SRS nor JJA has conducted a cost study recently to verify the actual costs of care. In addition, we do not have information on the extent to which Level V provider use donations or other sources of revenue to fund operating costs.

Juvenile Correctional Facility Costs:

AJCF	296.52
BJCF	280.78
LJCF	159.84
TJCF/KJCC	164.56

System Avg. 189.69

These daily rates were calculated by dividing the FY 2005 operating budgets for each facility, exclusive of capital costs, by the average daily number of youth served to date for FY 2005 to determine the average costs per youth served. The average annual cost of care was divided by 365 to determine the daily rate.

HOUSE APPROPRIATIONS

JAYHAWK WALK, 714 SW JACKSON ST, STE 300, TOPEKA, K
VOICE: 785-296-4213 FAX: 785-296-1412 HTTP://JJA.ST

DATE 6-27-2005
ATTACHMENT 2