

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on January 19, 2006, in Room 123-S of the Capitol.

All members were present except:
Senator Jay Emler- excused

Committee staff present:

Jill Wolters, Revisor of Statutes Office
Michael Corrigan, Revisor of Statutes Office
J. G. Scott, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Laura Howard, Assistant Secretary, Kansas Department of Social and Rehabilitation Services
Duane Goossen, Secretary, Kansas Department of Administration and Director, Division of the Budget

Others attending:

See attached list.

Bill Introduction

Senator Barone moved, with a second by Senator Wysong, to introduce a bill concerning hospitals and ambulatory surgical centers; relating to disclosure of prices (5rs1320). Motion carried on a voice vote.

Chairman Umbarger called the Committee's attention to discussion of the 2005 Special Legislative Session minutes that had been distributed to the Committee on January 10, 2006. Senator Teichman moved, with a second by Senator Taddiken, to approve the minutes of the 2005 Special Session for the meetings of June 20, June 21, June 22 (a.m.), June 22 (p.m.), June 23, June 25, June 27 (a.m.), June 27 (p.m.), and June 28, 2005. Motion carried on a voice vote.

Chairman Umbarger acknowledged Laura Howard, Assistant Secretary, Kansas Department of Social and Rehabilitation Services (SRS), who provided an update of the Medicaid Transfer and other programs between SRS and the Division of Health Policy and Finance, Kansas Department of Administration from the SRS perspective (Attachment 1). Ms. Howard reported that the transition has been smooth and leadership from both agencies has been committed to ensuring continuity for consumers and providers and insuring an uninterrupted flow of federal Medicaid funding to Kansas. Details of the transition are found in Ms. Howard's written testimony.

The Chairman recognized Duane Goossen, Secretary, Kansas Department of Administration, who provided an update on the transfer of programs between the Kansas Department of Social and Rehabilitation Services and the Division of Health Policy and Finance, Kansas Department of Administration. Mr. Goossen also made brief comments on how the Governor's budget proposal is set up to deal with the Kansas Health Policy Authority. (No written testimony was submitted.) Mr. Goossen reported that the transition, from the Division of Health Policy and Finance perspective, has gone well. He explained that it is proposed in the Governor's budget to delay the move from the Kansas Department of Administration to the Kansas Health Policy Authority by one year to the beginning of FY 2008, and the budget is set up to accommodate it. Mr. Goossen explained that the intent is to give the Health Authority more time to organize and prepare to receive a very significant operation of the large budget authority that goes with the Medicaid program. Committee questions and discussion followed.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on January 19, 2006, in Room 123-S of the Capitol.

Staff distributed copies of a time line of the Kansas Health Policy Authority which was prepared by the Kansas Legislative Research Department (Attachment 2).

The meeting adjourned at 11:10 a.m. The next meeting was scheduled for January 20, 2006.

Kansas Department of

Social and Rehabilitation Services

Gary Daniels, Secretary

Senate Ways and Means
January 19, 2006

Update on Medicaid Transfer

Laura Howard, Assistant Secretary
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For additional information contact:
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Senate Ways and Means
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Attachment 1

**Kansas Department of Social and Rehabilitation Services
Gary Daniels, Secretary**

Senate Ways and Means
January 19, 2006

Medicaid Transfer

Good morning, Chairman Umbarger and members of the Senate Ways and Means Committee. I am Laura Howard, the Assistant Secretary for the Kansas Department of Social and Rehabilitation Services (SRS). Thank you for the opportunity to provide an update today on the transfer of programs between the Kansas Department of Social and Rehabilitation Services and the Division of Health Policy and Finance (DHPF) in the Kansas Department of Administration.

With the passage of 2005 House Sub. For S.B. 272, the Medicaid, MediKan and State Children's Health Insurance programs were shifted from SRS to the DHPF within the Department of Administration. That Division became the single state Medicaid agency, responsible for drawing down all federal Medicaid funds for state agencies and all federal reporting requirements. Planning for a possible transition began in early 2005 after the Governor's *Healthy Kansas* initiative was announced. Actual transition planning began in earnest after the passage of 2005 H.Sub. For S.B. 272 in May, 2005 to meet the July 1 statutory transfer time line.

The transition involved the shift of \$1.46 billion dollars and 137 FTE from SRS to DHPF in the Department of Administration. This included all staff from what had been the medical policy section of SRS, along with staff from other parts of SRS who supported the Medicaid program. The actual transition has been quite smooth. Leadership from both agencies has been committed to ensuring continuity for consumers and providers and assuring an uninterrupted flow of federal Medicaid funding to Kansas. Today, the relationship between SRS and DHPF is governed by an interagency agreement which details the ongoing responsibilities of both agencies in assuring the provision of health care services to eligible Kansans.

SRS continues to manage a number of programs that are financed in part or in whole through Medicaid funds. In total, these programs amount to \$611.6 million in federal Medicaid and state matching funds in FY 06. The largest amounts of Medicaid funding that remain with SRS support long-term care programs for persons with disabilities. SRS also continues to manage Medicaid funding associated with behavioral health and substance abuse services. The primary Medicaid-funded programs that remain with SRS are the following:

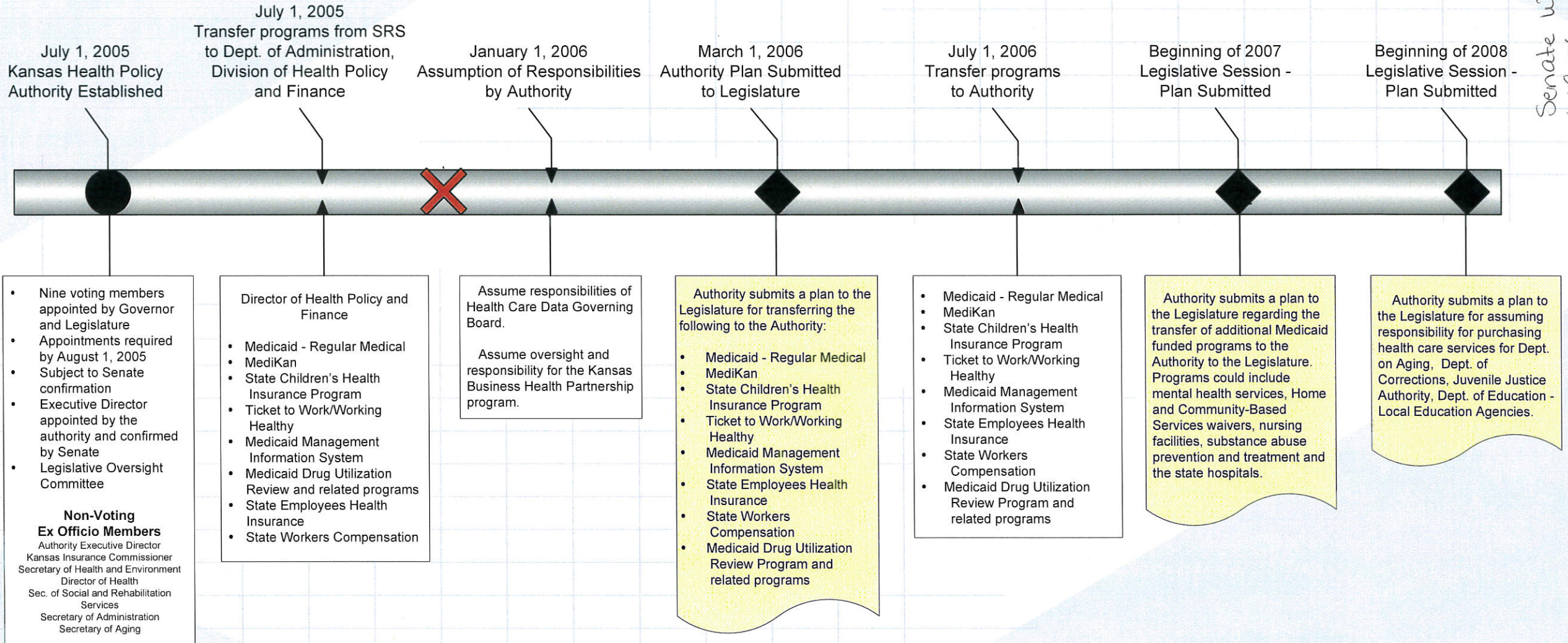
- State hospitals
- ICFs/MR (Intermediate Care Facilities for persons with mental retardation)
- Nursing Facilities for Mental Health
- Traumatic Brain Injury Rehabilitation Facilities
- Residential facilities for children
- Five home and community-based services (HCBS) waivers
- Waiver for persons with mental retardation or other developmental disabilities (DD waiver)
- Waiver for persons with physical disabilities (PD waiver)
- Waiver for persons with traumatic brain injury (TBI waiver)
- Waiver for technology dependent children (TA waiver)
- Waiver for children with serious emotional disturbance (SED waiver)
- Attendant Care for Independent Living (ACIL) program
- Substance Abuse Treatment
- Mental Health Services including community mental health center, private psychologist, private psychiatrist, and behavior management services
- Targeted Case Management for specific populations

In addition to managing these Medicaid-funded programs, SRS continues to be responsible for the initial financial eligibility determination for Medicaid, MediKan and SCHIP applications filed through any SRS service center. SRS performs this eligibility work in accordance with eligibility requirements and related policy established by the Division of Health Policy and Finance.

This transfer has also afforded SRS the opportunity to refocus our efforts on what we do best -- supporting people. Today, more than 90 percent of all funds in SRS go either to direct assistance to beneficiaries or direct service delivery by our hospitals and regional service centers. A key focus moving forward as an agency is an increased emphasis on prevention and a focus on collaborations to build community capacity.

I would be happy to answer any questions.

Kansas Health Policy Authority



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1-19-06
Attachment 2