

## MINUTES OF THE HOUSE AGING AND LONG TERM CARE COMMITTEE

The meeting was called to order by Chairman Bob Bethell at 3:30 p.m. on February 12, 2009, in Room 711 of the Docking State Office Building.

All members were present except:

Representative Don Myers- excused

Committee staff present:

Doug Taylor, Office of the Revisor of Statutes

Kelly Navinsky-Wenzl, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Judith Holliday, Committee Assistant

Conferees appearing before the committee:

Jane Rhys, PhD, Executive Director, Kansas Council on Developmental Disabilities

Cindy Hermes, Director, Governmental & Public Affairs Division, Kansas Insurance Department

Others attending:

See attached list.

Chairman Bethell called the meeting to order and reminded the members that if they had not yet signed up for the Fitness Challenge they are encouraged to do so by signing on to [Americaonthemove.org](http://Americaonthemove.org).

The Chairman reminded the Committee that there were questions at the last meeting on the tobacco settlement funds, and he had asked Research to get that information for the Committee. Information on the Children's Initiatives Reserve Fund was provided to each member which showed the money received and the agencies receiving the money. (Attachment 1)

Chairman Bethell asked Representative Schwab to tell the Committee what the Subcommittee on Aging and Long Term Care would be hearing today at the conclusion of this committee meeting.

Jane Rhys, PhD, Executive Director, Kansas Council on Developmental Disabilities (KCDD), testified on employment of and funding for individuals with Developmental Disabilities (DD). (Attachment 2) Ms. Rhys stated that people with DD want to work and live in their communities just as others do, to the extent possible.

Ms. Rhys told the Committee that it is three times more cost-effective to employ or fund persons with DD than Sheltered Workshops which sometimes lack work and do not pay minimum wage. Supported employment, in which a person with DD has on-the-job assistance, is two-thirds cheaper than sheltered work. For several years, the KCDD has provided funding to persons with DD to start their own business. She provided a handout listing a number of successful small businesses funded by grants and owned by developmentally disabled individuals.

Ms. Rhys introduced Joe Steffy from Louisburg, Kansas, owner of Poppin Joe's Kettle Korn, who distributed bags of his product to the Committee and staff. Ms. Rhys also passed out samples of honey products from Anthony's Beehive. Both of these businesses were funded with grants from the Council.

Ms. Rhys stated that when people become employed, they become taxpayers, paying taxes on food, transportation, housing, clothes, and other services and products. She encouraged providing incentives for business who employ them; disincentives for sheltered workshops; and increased availability of supported employment for those needing this service.

Ms. Rhys also testified on the issue of hospital closure and savings which would be realized through closure of one or both state hospitals for Developmental Disabilities (DD). She provided to Committee members a book entitled "The Right Thing To Do" which detailed the positive outcome of closing Winfield and downsizing of other institutions. (On file in Room 161-W) A handout provided the numbers of individuals waiting for DD services on the Unserved Waiting List, people who receive no services; and the Underserved Waiting List, people receiving some services but in need of more.

## CONTINUATION SHEET

Minutes of the House Aging And Long Term Care Committee at 3:30 p.m. on February 12, 2009, in Room 711 of the Docking State Office Building.

(Attachment 3) Ms. Rhys stated that the way to reduce or eliminate the waiting list is to close one or both DD hospitals and put all the savings into community DD services. Those with serious medical or behavior problems can be served in the community, and some funding is available through the Money-Follows-the-Person program.

Chairman Bethell called the Committee's attention to a handout he received on employees of a Walgreens Distribution Center in South Carolina where disabled persons work side by side with non-disabled persons, making the same wage. (Attachment 4) He stated that there was a 20 percent higher efficiency rate than at any other Walgreens distribution facility. He encouraged everyone to go to the website at ABC News.com and watch the video, "How One Super-Store is Saving the Disabled."

### **Hearing on HB 2019 - Medicaid eligibility requirements; allow collateral assignment of life insurance proceeds.**

Chairman Bethell opened the hearing on **HB 2019**. He told the Committee that the Kansas Health Policy Authority has provided information and a fiscal note on the bill that estimates an average of \$13K per Medicaid recipient, which will provide money to the state for the care of individuals receiving Medicaid. The Chairman's intention is to get language that will make **HB 2019** a workable bill.

Cindy Hermes, Director, Governmental and Public Affairs Division, Kansas Insurance Department, testified on **HB 2019**. (Attachment 5) Ms. Hermes explained the definitions of collateral assignment and absolute assignment in the insurance context.

Absolute assignment of a life insurance policy is assignment when the policy owner transfer all of their ownership rights to the assignee; the policy owner-assignor has no further rights under the contract and the assignee becomes the policy owner. Collateral assignment is a temporary assignment of the monetary value of a life insurance policy as collateral, or security, for a loan. The collateral assignment differs from an absolute assignment in three aspects:

1. The collateral assignee's rights are limited to those ownership rights that directly concern the monetary value of the policy; the policy owner-assignor cannot take out a policy loan or surrender the policy for cash surrender value while a collateral assignment is in effect unless the assignee consents.
2. The collateral assignee has a vested, but limited, right to the policy's monetary values. The assignee's rights to the policy's values are limited to the amount of the assignor's indebtedness to the assignee. If the policy proceeds become payable, upon death of the assignor, the assignee receives this amount in a lump sum and any remaining amount must be paid to the policy's beneficiary.
3. The collateral assignee's rights to the policy values are temporary. If the assignor repays the amount owed to the collateral assignee, the assignment terminates and all policy ownership rights revert to the policy owner.

The Kansas Health Policy Authority would establish a procedure which permits the holder of a life insurance policy which has a cash surrender value to give the Kansas program of medical assistance a collateral assignment of the proceeds of the life insurance policy. The proceeds of a life insurance policy benefit paid on death could exceed the cash surrender value of the policy. It was noted that individuals would need to continue payment of life insurance premiums on policies not paid up, should collateral assignment be made.

Discussion ensued regarding language in the bill about premium payments. Chairman Bethell stated that the bill needs work in that area and that continued discussions on **HB 2019** would be held in hopes of coming back with a better bill.

There being no further business to come before the Committee, the meeting adjourned at 4:30 p.m.

The next meeting is scheduled for February 17, 2009.

# HOUSE AGING AND LONG TERM CARE COMMITTEE

DATE: 2/12/09

NAME	REPRESENTING
Cynthia Kerme	KID
Clarity Kennedy	KDOA
Pat Vogelbein	Keonway
Effie Simon	KHPA
Deborah Merrill	KHPA
Margaret Ziller	SBS / DBNS
Mark Boranyak	Capital Strategies
Nick Jordan	Capital Strategies
Joe Rhye	KCDD
Cory Abbott	KCDD
Joe Ewert	KANSA
Ray + Janet Steffy	KCDD
Joe Steffy	KCDD
Leslie Baehne	KCDD
Orbin Holroyd	Alzheimer's Assoc.
Michael Boyd	Intern Rep Bethell
Chris Condit	KHCA

**PLEASE USE BLACK INK**

# Children's Initiatives Fund

## FY 2008 - FY 2010

	Actual FY 2008	Legislative Approved FY 2009	Gov. Rec. FY 2009	Gov. Rec. FY 2010
<b>Department of Health and Environment</b>				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	5,700,000	5,700,000	5,700,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	1,000,000	1,000,000
PKU/Hemophilia	208,000	208,000	208,000	-
Newborn Hearing Aid Loaner Program	-	50,000	50,000	50,000
SIDS Network Grant	-	75,000	75,000	75,000
Newborn Screening	-	2,221,556	2,221,556	2,202,682
Subtotal - KDHE	<u>\$ 2,658,000</u>	<u>\$ 9,504,556</u>	<u>\$ 9,504,556</u>	<u>\$ 9,277,682</u>
<b>Juvenile Justice Authority</b>				
Juvenile Prevention Program Grants	\$ 5,531,308	\$ 5,579,530	\$ 5,579,530	\$ 5,579,530
Juvenile Graduated Sanctions Grants	3,468,692	3,420,470	3,420,470	3,420,470
Subtotal - JJA	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>
<b>Department of Social and Rehabilitation Services</b>				
Children's Cabinet Accountability Fund	\$ 541,802	\$ 541,802	\$ 541,802	\$ 541,802
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000	3,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	1,000,000	-	-	-
Child Care Services	1,400,000	1,400,000	1,400,000	1,400,000
Community Services - Child Welfare	3,298,500	3,208,938	3,136,934	-
Smart Start Kansas - Children's Cabinet	8,986,263	8,443,279	8,443,279	8,442,190
Family Preservation	3,151,403	3,241,062	3,313,066	3,241,062
School Violence Prevention	227,392	-	-	-
Attendant Care for Independent Living (ACIL)	50,000	-	-	-
Early Childhood Block Grants	-	11,100,000	11,100,000	11,098,462
Pre-K Pilot	5,000,000	-	-	-
Early Head Start	1,600,000	3,452,779	3,452,779	3,452,779
Child Care Quality Initiative	500,000	500,000	500,000	500,000
Subtotal - SRS	<u>\$ 34,555,360</u>	<u>\$ 40,687,860</u>	<u>\$ 40,687,860</u>	<u>\$ 37,476,295</u>
<b>Kansas Health Policy Authority</b>				
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ - a
Medical Assistance	3,000,000	3,000,000	3,000,000	-
Immunization Outreach	277,876	500,000	500,000	-
Subtotal - KHPA	<u>\$ 5,277,876</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>
<b>Department of Education</b>				
Reading and Vision Research	\$ 300,000	\$ 200,000	\$ 100,000	\$ -
Four Year Old at Risk/General State Aid	-	100,000	100,000	-
Parents as Teachers	-	7,539,500	7,539,500	7,539,500
Pre-K Pilot	-	5,000,000	5,000,000	5,000,000
Subtotal - Dept. of Ed.	<u>\$ 300,000</u>	<u>\$ 12,839,500</u>	<u>\$ 12,739,500</u>	<u>\$ 12,539,500</u>
<b>University of Kansas Medical Center</b>				
Tele-Kid Health Care Link	\$ 252,723	\$ -	\$ 394	\$ -
<b>TOTAL</b>	<b>\$ 52,043,959</b>	<b>\$ 77,531,916</b>	<b>\$ 77,432,310</b>	<b>\$ 68,293,477</b>

	Actual FY 2008	Legislative Approved FY 2009	Gov. Rec. FY 2009	Gov. Rec. FY 2010
Beginning Balance	\$ 743,550	\$ 12,747,981	\$ 12,747,981	\$ 600,515
Plus: Other Income*	300,233	-	-	-
State General Fund Transfer	-	-	-	-
Children's Initiatives Reserve Fund	825,952	825,952	825,952	825,952
KEY Fund Transfer In	62,922,205	64,458,892	64,458,892	66,885,884
Total Available	<u>\$ 64,791,940</u>	<u>\$ 78,032,825</u>	<u>\$ 78,032,825</u>	<u>\$ 68,312,351</u>
Less: Expenditures	52,043,959	77,531,916	77,432,310	68,293,477
Transfer Out to KEY Fund	-	-	-	-
Transfer Out to Children's Initiatives	-	-	-	-
Transfer Out to State General Fund	-	-	-	18,874
<b>ENDING BALANCE</b>	<u><u>\$ 12,747,981</u></u>	<u><u>\$ 500,909</u></u>	<u><u>\$ 600,515</u></u>	<u><u>\$ -</u></u>

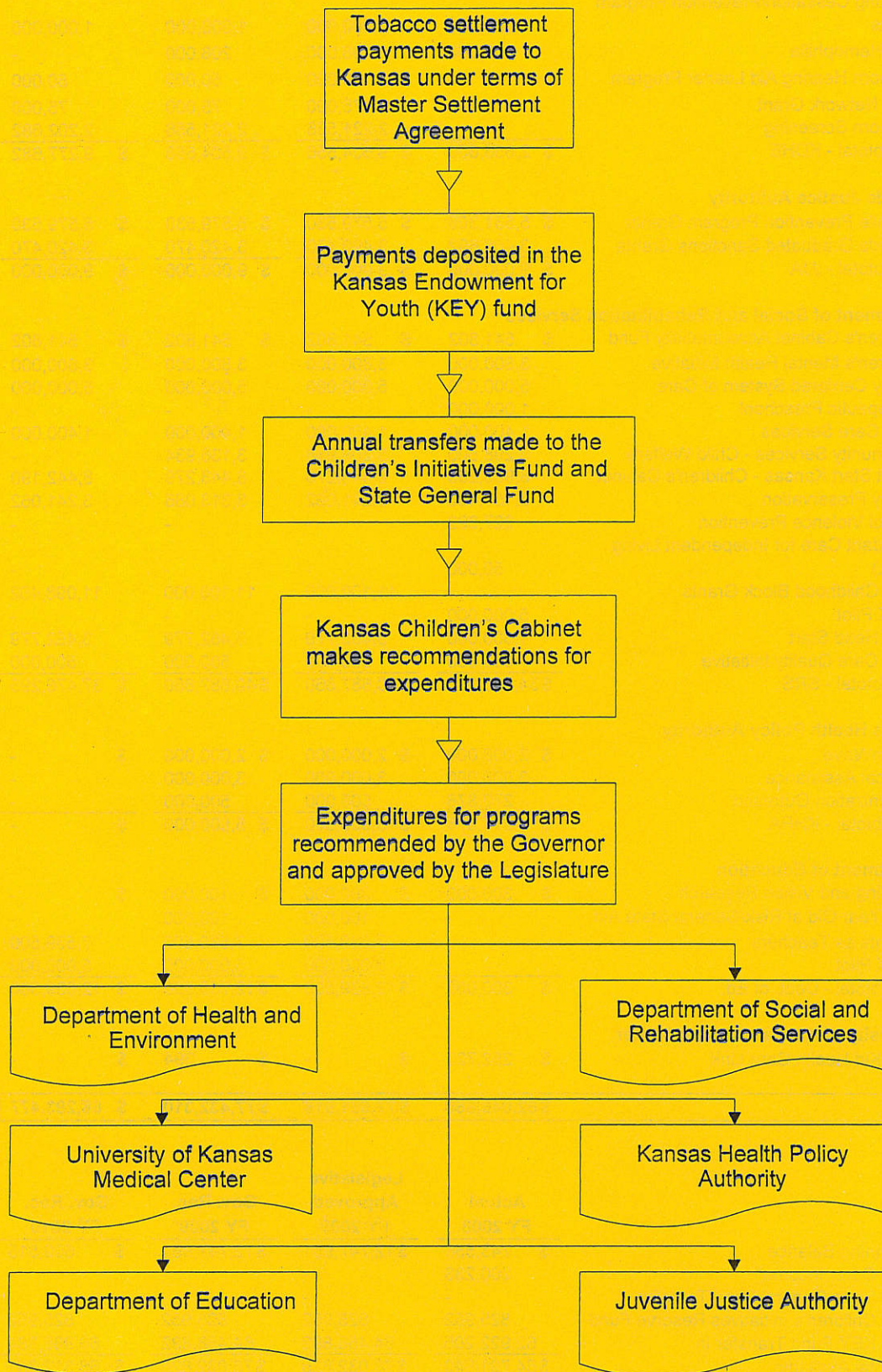
\* Other Income includes released encumbrances, recoveries and reimbursements.

\*\* The 2006 Legislature established the Children's Initiatives Reserve Fund (CIRF) and transferred any unencumbered balance in the Children's Initiatives Fund (CIF) on June 30, 2007 to the CIRF. On July 1, 2007, 25 percent of the balance in the CIRF was transferred to the CIF. On July 1, 2008, one third of the remaining balance of the CIRF is to be transferred to the CIF. On July 1, 2009, 50 percent of the remaining balance of the CIRF is to be transferred to the CIF. On July 1, 2010, all remaining funds in the CIRF are to be transferred to the CIF.

\*\*\* The Governor's recommendation for FY 2010 transfers funding of \$9.2 million from the Kansas Endowment for Youth (KEY) Fund to the State General Fund. In addition, the Governor's recommendation transfers \$385,540 from the Kansas Endowment for Youth Fund to the Attorney General. \$500,000 was transferred from the KEY fund to the Attorney General in FY 2008.

a) Expenditures shifted to the Medical Programs Fee Fund.

# Flow of Tobacco Settlement Dollars in Kansas





## Children and Youth

### E-1 Tobacco/Children's Initiatives Fund

Other Children  
and Youth reports  
available

### E-2 Juvenile Justice Authority

### E-3 Custodial Interference and Child Abuse

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# Kansas Legislator Briefing Book 2009

## Children and Youth

### E-1 Tobacco/Children's Initiatives Fund

In 1998, Kansas became one of 46 states to accept a tobacco settlement negotiated with four major tobacco companies. (The remaining four states settled individually.) The settlement, called the Master Settlement Agreement, is aimed at reducing the use of tobacco by young persons, settling legal claims by states against the tobacco industry, and providing reimbursement for health care costs of treating Medicaid patients whose illnesses were caused by tobacco. Under terms of the agreement, the tobacco industry is prohibited from targeting youth in marketing and is subject to restrictions concerning sponsorships, advertising, and tobacco promotions.

The tobacco industry is required to make payments to the states in perpetuity. Original estimates were that the industry would pay states \$206 billion through the year 2025. Not all tobacco companies are party to the settlement. Those that are not are required to put into escrow an amount of money equal to what they would pay under the settlement. This is to level the playing field so that non-participating manufacturers will not have a competitive advantage over participating manufacturers.

The allocation formula is based on each state's smoking-related health care costs, with equal weight given to Medicaid-related and non-Medicaid-related costs. Each state and territory gets the proportion of the settlement that its smoking-related health care costs bear to the total. Kansas' share of the recovery is .83 percent, which, based on the original estimate, was expected to exceed \$1.5 billion over the first 25 years of the agreement. Payments are based on the tobacco companies' market share of tobacco product sales and are subject to an annual inflation factor of 3 percent or the increase in the Consumer Price Index, whichever is greater.

The Master Settlement Agreement also provides that payments to states could be reduced if tobacco sales go down or if tobacco companies go out of business. It is this latter provision which is causing concern over future payments.

The Master Settlement Agreement does not impose any constraints on how the states may use their tobacco money. In Kansas, the 1999 Legislature enacted legislation that established a trust fund into which tobacco payments are credited and created the Kansas Children's Cabinet to advise the Governor and the Legislature on programs that will be funded from tobacco money. The trust fund, named the "Kansas Endowment for Youth (KEY) Fund," is invested and managed by the Board of Trustees of the Kansas Public Employees Retirement System. The Legislature also created the Children's Initiatives Fund and provided that transfers would be made from the KEY Fund to the Children's Initiatives Fund on an annual basis. Transfers from the KEY Fund to the Children's Initiatives Fund are capped at \$45 million, plus a 2.5 percent annual inflation factor.

**Tobacco Payments to Kansas**

Kansas received its first tobacco revenues in 1999. In general, payments have been less than originally estimated. In FY 2008, tobacco revenues and interest earnings totaled \$66.3 million. Revenues are estimated to be \$58.0 million in FY 2009.

It is important to note that the FY 2008 revenues include \$14.7 million from the "Strategic Contribution Fund" provisions of the Master Settlement Agreement. These provisions require the tobacco companies to pay, from 2008 through 2017, a total of \$861 million into the Strategic Contribution Fund. Money from the fund is to be allocated to states based on the percentage each state contributed to the original Master Settlement Agreement. Kansas' share of this amount is 1.85 percent. According to the Attorney General's office, however, it is unclear how the Strategic Contribution Fund payments will be affected by recent actions of the tobacco companies to withhold payments under the agreement while they are disputing the basis of payments to be made. Estimated revenues from the Strategic Contribution Fund are estimated at \$8.0 million in FY 2009.

<b>Kansas Tobacco Revenues and Interest Earnings</b>	
FY 1999	\$49,705,586
FY 2000	\$52,935,158
FY 2001	\$61,465,211
FY 2002	\$61,511,858
Fy 2003	\$52,531,729
FY 2004	\$53,453,765
FY 2005	\$49,463,355
FY 2006	\$47,515,501
FY 2007	\$46,900,000
FY 2008	\$66,347,833
FY 2009 (*est)	\$58,000,000
*Excludes Interest Earnings	

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## Concern Over Future Payments

The amount of tobacco money the states will get is affected by several factors, including an overall decrease in tobacco consumption which results in diminished sales of tobacco products and lower payments to states. The market share of tobacco companies that are participating in the settlement also is being reduced by sales of nonparticipating manufacturers, and the possibility exists that one or more of the major participating manufacturers could declare bankruptcy. The most immediate and direct threat to the tobacco revenue stream is a clause in the Master Settlement Agreement which permits participating manufacturers to seek refund of money paid to the states when there is a drop in their market share below a threshold established in 1997.

That threshold was triggered in 2003, and 2006 was the first year for which revenues were affected. In 2006, R. J. Reynolds Tobacco Company and Lorillard Tobacco Company withheld all or part of their payments to the states, contending that, under the Master Settlement Agreement, the payments were not due because of declining market shares. The National Association of Attorneys General, which has played a leadership role among the states with regard to the tobacco settlement, takes the position that the tobacco companies owe the states the full payment until the industry can demonstrate that the states have failed to exercise due diligence in enforcing the tobacco settlement. (The Settlement is complicated, and there is disagreement between the industry and the states as to exactly how the downward adjustment clause should be interpreted or applied.) In June 2007, the state received \$394,424 in funding from the disputed payments account.

## Children's Initiatives Fund

The Children's Initiatives Fund was created by the 1999 Legislature to fund programs promoting the health and welfare of Kansas children. The Fund is administered by the Children's Cabinet, a 15-member committee consisting of appointees of the Governor and Legislature and *ex officio* members. The Cabinet is responsible for initiating audits and reviews of the programs receiving Children's Initiatives Fund money. Expenditures from the Children's Initiatives Fund are requested by the Children's Cabinet through the Department of Social and Rehabilitation Services, recommended by the Governor and approved by the Legislature.

The Kansas tobacco settlement is the revenue source for the Children's Initiatives Fund. The settlement payments are placed in the KEY Fund. In general, the KEY Fund has not served as the endowment fund that was envisioned. This is because of a combination of less tobacco payment revenue than expected and shortfalls to the State General Fund which have resulted in transferring balances in the KEY Fund to the State General Fund rather than allowing them to accumulate.



**ACTUAL FY 2007, APPROVED FY 2008, AND APPROVED FY 2009  
EXPENDITURES AND TRANSFERS FROM THE  
CHILDREN'S INITIATIVES FUND**

	Actual FY 2007	Approved FY 2008	Approved FY 2009
<b>Department of Health and Environment</b>			
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	5,700,000
Smoking Cessation/Prevention Program Grants	999,999	1,000,000	1,000,000
PKU/Hemophilia	208,000	208,000	208,000
Newborn Hearing Aid Loaner Program	0	0	50,000
SIDS Network Grant	0	0	75,000
Newborn Screening	0	0	2,221,556
Subtotal - KDHE	<u>\$ 2,657,999</u>	<u>\$ 2,658,000</u>	<u>\$ 9,504,556</u>
<b>Juvenile Justice Authority</b>			
Juvenile Prevention Program Grants	\$ 5,385,716	\$ 5,579,530	\$ 5,579,530
Juvenile Graduated Sanctions Grants	3,468,938	3,420,470	3,420,470
Subtotal - JJA	<u>\$ 8,854,654</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>
<b>Department of Social and Rehabilitation Services</b>			
Children's Cabinet Accountability Fund	\$ 546,125	\$ 541,802	\$ 541,802
Children's Mental Health Initiative	3,799,999	3,800,000	3,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	947,897	1,000,000	0
Child Care Services	1,399,999	1,400,000	1,400,000
Community Services - Child Welfare	3,492,101	3,298,597	3,208,938
Smart Start Kansas - Children's Cabinet	8,730,036	8,986,263	8,443,279
Family Preservation	2,957,899	3,151,403	3,241,062
School Violence Prevention	228,000	228,000	0
Attendant Care for Independent Living (ACIL)	50,000	50,000	0
Early Childhood Block Grants	0	0	11,100,000
Pre-K Pilot	2,000,000	5,000,000	0
Early Head Start	0	1,600,000	3,452,779
Child Care Quality Initiative	0	500,000	500,000
Subtotal - SRS	<u>\$ 29,152,056</u>	<u>\$ 34,556,065</u>	<u>\$ 40,687,860</u>
<b>Kansas Health Policy Authority*</b>			
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Medical Assistance	3,000,000	3,000,000	3,000,000
Immunization Outreach	500,000	500,000	500,000
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>

<b>Department of Education</b>			
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ 200,000
Four-Year-Old At-Risk Programs	0	0	100,000
Parents as Teachers	0	0	7,539,500
Pre-K Pilot	0	0	5,000,000
Subtotal - DOE	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 12,839,500</u>
<b>University of Kansas Medical Center</b>			
Tele-Kid Health Care Link	\$ 265,392	\$ 253,117	\$ 0
 TOTAL	 <u>\$ 46,730,101</u>	 <u>\$52,267,182</u>	 <u>\$ 77,531,916</u>

For more information, please contact:

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# ***Kansas Council on Developmental Disabilities***

KATHLEEN SEBELIUS, Governor  
SCOTT SHEPHERD, Chairperson  
JANE RHYS, Ph. D., Executive Director  
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Docking State Off. Bldg., Rm 141,  
915 SW Harrison Topeka, KS 66612  
785/296-2608, FAX 785/296-2861  
<http://kcdd.org>

*"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"*

## **Proposal for Additional Funding for Persons with Developmental Disabilities**

We know and appreciate that Kansas is facing budget reductions. We also know that there are **1,574 adults and families with children** with Developmental Disabilities who have been waiting, some of them for over three years, for services. An additional **2,176 adults and families with children** receive some but not all services needed. If adequate funding were provided, 3,750 persons, half of who now receive no services, would receive help.

These persons have a developmental disability through no fault of their own. They are typically born with the disability – one that is serious, one they will have for life, that impacts three or more life functions (ability to walk, talk, take care of themselves, learn, and others), and one that requires care to enable them to live in the community.

Our proposal is simple: close a state Developmental Disabilities Hospital!

We spend an average of **\$151,292.50 per person**, per year for a person in a state hospital.

We spend an average of **\$\$29,000 to 35,000 per year per person** in the community.

There are persons in the community who have the same disabilities with the same severity level as those in either state hospital. Consumers, parents and guardians do have choice but as with all things we do, that choice must be based on what is affordable. Not everyone can live in a large house or drive a new car. But everyone must have adequate services.

Many states have already closed all of their state hospitals (Alaska, DC, Hawaii, Maine, New Hampshire, New Mexico, Rhode Island, Vermont, and West Virginia); three states, Massachusetts, and Virginia, are proposing closure up to 6 of their state hospitals. In 1996 Kansas closed one of its three state hospitals (Winfield State Hospital). We did it to improve the lives of Kansans with DD and all the money saved provided additional services for those on the DD Waiting Lists.

Our Waiting Lists are greater now than they were in the mid 1990's, the need is greater, and the time to close another State hospital has come. We know how to close a hospital and have a study paid for in part by the Kansas Legislature to prove it. We would be happy to provide you with a copy.

Please look at the attachments and, if you want additional information or to talk to us, please call **296-2608!**

HOUSE AGING & LONG TERM CARE  
DATE: 2/12/09  
ATTACHMENT: 2

## Developmental Disability Hospitals

For FY 2009, the estimated average daily census in the two state developmental disability hospitals will be 358. To serve these residents, the Governor recommends \$53.2 million for the developmental disability hospitals. Shown below are the recommended operating expenditures, average daily census, and daily cost per client for each hospital in FY 2010. Operating expenditures are funded mainly from the State General Fund, fee funds, and federal Medicaid Title XIX funds. Additional federal funding is available for community programs.

### Kansas Neurological Institute

For FY 2010, the Governor recommends \$28.4 million for the Kansas Neurological Institute, of which \$11.4 million is from the State General Fund. The amount recommended will support a staff of 570.20 FTE positions who will care for an average daily population of 160 residents at the Institute.

### Parsons State Hospital & Training Center

The Governor's recommendation for Parsons State Hospital and Training Center totals \$24.8 million and includes \$10.4 million from the State General Fund for FY 2010. The Governor's budget funds 497.20 FTE positions. This level of funding will allow the Hospital to provide residential and medical services to an average population of 198.

### Developmental Disabilities Hospitals

	Daily Census	Operating Budget	Daily \$ per client	Yearly Cost per client
KNI	160	\$28,379,109	486	\$177,390
Parsons	198	\$24,794,984	343	\$125,195
<b>Total</b>	<b>358</b>	<b>\$53,174,093</b>	<b>414.50 Av</b>	<b>\$151,292.50 Av</b>

From *FY2010 GBR Volume 1*, page 88 (except for Yearly Costs at right)

# Home & Community-Based Services Waiver

## Funding (Dollars in Thousands)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Gov. Est.	FY 2010 Gov. Rec.
Social & Rehabilitation Services					
Developmentally Disabled	221,150	248,146	274,843	289,844	285,149
Autism - - - -	--	--	16	1,248	1,248
<b>Total SRS Waiver Programs (All SRS Waivers)</b>	<b>\$307,930</b>	<b>\$351,027</b>	<b>\$393,183</b>	<b>\$449,119</b>	<b>\$424,128</b>
State General Fund Portion	\$121,296	\$138,427	\$157,347	\$178,307	\$169,975
<i>Percent Change</i>	<i>4.7%</i>	<i>14.0%</i>	<i>12.0%</i>	<i>14.2%</i>	<i>(5.6%)</i>

## Number Served on DD Waiver (As of January 1 in each year)

	FY 2006	FY 2007	FY 2008	FY 2009
Persons with DD	9366	9533	9921	9963

## Amount Spent Per Person Per Year

	FY 2006	FY 2007	FY 2008	FY 2009
Amount per Annum For Persons w/DD*	\$23,612	\$26,030.	\$27,703	\$29,092

\* This does not include any county funds, funds for people not on the DD Waiver, etc.

All data above obtained from *FY2010 GBR Volume 1* and the January, 2009 *DD Monthly Services Report* published by SRS.

If we closed one hospital and moved those individuals to the community, and those persons averaged \$50,000 per year, the cost for their services could be approximately \$8,950,000 (\$50,000 X 179 persons). This would leave **\$17,637,047 to be used for the DD waiting list** and could **serve approximately 606 persons**. In addition, former State Hospital individuals could use the federal Money Follows The Person grant to pay part of their expenses for the first year community services.

DD Waiver  
Receive No Services

Monthly Unserved Report

Date of Report: 02/05/2009

2-3

	Adults					Families				
	Immediate	Past Due	Within 1 Year	Within 2 Years	Within 3 Years	Immediate	Past Due	Within 1 Year	Within 2 Years	Within 3 Years
Achievement Services	0	8	1	0	0	0	2	1	0	0
Arrowhead West Inc	3	22	1	2	0	0	2	0	1	0
Big Lakes	2	11	4	0	5	2	14	1	0	1
Brown Co Dvlpmntl Ctr	0	5	0	0	0	0	4	0	0	0
CLASS Ltd	4	29	1	0	1	4	33	2	1	1
COF	1	15	1	0	1	0	14	0	0	0
ComCare	13	222	19	11	6	25	225	9	8	6
Cottonwood	0	19	1	1	1	2	25	2	3	2
Cowley County Dev Services	1	12	0	0	0	0	2	0	0	0
DPOK	1	26	0	0	0	2	8	0	0	0
DSNWK	2	34	3	1	0	2	3	0	1	2
Flinthills	1	9	1	0	0	2	15	0	0	0
Futures Unlimited	0	7	1	1	0	2	8	0	1	1
Harvey-Marion County CDDO	0	20	0	1	1	0	8	1	0	1
Hellinger Dev Services	0	25	0	2	0	0	25	1	2	0
JCDS	7	76	7	6	2	3	97	4	1	0
MCDS	0	6	0	0	0	1	6	0	0	0
Nemaha Co Trng Ctr	0	1	0	0	0	0	0	0	0	0
New Beginnings	0	5	0	1	0	0	7	0	0	0
Riverside Resources	2	15	2	2	0	1	10	0	0	1
SDSI	5	68	0	1	0	3	28	1	0	2
TARC	0	45	1	0	1	2	25	3	2	1
TECH	1	23	2	0	0	0	13	3	1	0
Tri-Ko	1	10	0	0	0	0	9	0	0	1
Tri-Valley	3	16	2	1	1	2	7	0	2	0
Twin Valley	0	2	0	0	0	0	0	0	0	0
Wyandotte CDDO	1	57	3	2	0	2	14	1	3	0
<b>Totals</b>	<b>48</b>	<b>788</b>	<b>50</b>	<b>32</b>	<b>19</b>	<b>55</b>	<b>604</b>	<b>29</b>	<b>26</b>	<b>19</b>
Number of CDDOs	27									

These people are on the  
 DD waiver but need  
 more services.

### Summary Of Under Served Adults And Families

2-4

CDDO	Adults					Families				
	Unduplicated Number Unserved	Day	Residential	In Home Family Support	Direct Financial Support	Unduplicated Number Unserved	Day	Residential	In Home Family Support	Direct Financial Support
Achievement Services	17	9	14	0	0	4	0	0	4	0
Arrowhead West Inc	25	20	13	3	0	27	6	5	24	0
Big Lakes	40	12	35	4	0	4	0	0	4	0
Brown Co Dvlpmntl Ctr	4	0	4	0	0	7	3	1	4	0
CLASS Ltd	49	28	24	6	0	26	13	10	16	3
COF	32	15	25	4	0	16	4	6	9	1
ComCare	227	74	186	24	7	150	34	28	60	58
Cottonwood	94	55	69	11	0	48	13	15	31	2
Cowley County Dev S	9	6	5	1	0	13	5	3	8	0
DPOK	57	30	39	6	0	80	14	13	69	0
DSNWK	58	32	44	10	0	18	6	5	12	0
Flinthills	20	8	13	4	0	14	2	3	12	0
Futures Unlimited	10	6	4	3	0	4	1	1	2	1
Harvey-Marion County	19	6	12	4	0	17	5	4	13	0
Hettinger Dev Services	25	9	19	3	0	22	3	7	17	0
JCDS	307	157	245	24	0	145	2	22	128	2
MCDS	28	20	14	2	5	12	3	3	9	0
Nemaha Co Trng Ctr	12	1	11	0	0	2	0	1	1	0
New Beginnings	4	0	3	1	0	3	0	0	3	0
Riverside Resources	27	16	19	3	0	10	1	1	9	0
SDSI	50	34	28	11	1	98	23	15	86	0
TARC	107	69	79	13	0	77	14	14	62	0
TECH	27	12	17	4	0	3	3	3	2	0
Tri-Ko	8	1	6	1	0	5	0	0	5	0
Tri-Valley	14	7	10	4	0	24	9	8	19	0
Twin Valley	0	0	0	0	0	0	0	0	0	0
Wyandotte CDDO	66	29	40	11	1	26	8	4	18	1
<b>Totals</b>	<b>1336</b>	<b>656</b>	<b>978</b>	<b>157</b>	<b>14</b>	<b>855</b>	<b>172</b>	<b>172</b>	<b>627</b>	<b>68</b>

Underserved In "Day Services" = Waiting for day services and being served in either residential, in home, or direct financial services.  
 Underserved In "Residential Services" = Waiting for residential services and being served in either day, in home, or direct financial services.  
 Underserved In "In Home Services" = Waiting for in home services and being served in either residential, day, or direct financial services.  
 Underserved In "Direct Financial Services" = Waiting for in direct financial services and being served in either residential, day, or in home services.

## Hospital and Disability Institutional Closure Commission

**Option 2 – Piggy Back on the Governor’s EO (09-01), but make the recommendations the Commission makes on closure binding, and all proceeds go to community-based services for the respective disability community.**

(1) Pursuant to the governor’s executive order 09-01, the facilities closure and realignment commission’s recommendations regarding if and which institutions shall be closed, and the recommended dates of such closure, shall be final unless the legislature, by law passed on or before the 45th calendar day in the 2010 regular session, rejects such recommendation. Unless so rejected by the legislature, the hospitals recommended for closure shall be closed at the time recommended, notwithstanding any other provision of law to the contrary. All other recommendations of the commission shall be advisory only.

(2) In addition to the requirements of executive order 09-01, of the members appointed by the governor, at least three shall be qualifying persons with disabilities. No member of the commission shall be affiliated with or served by any hospital or disability institution or with any employee or client of any hospital or institution and no member shall be a member of the legislature.

(3) in making its recommendations, in addition to the required considerations in executive order 09-01, the commission shall also consider:

(A) the requirement that the funding follow the types of clients to directly support the respective community based services; and

(B) new ways of funding community-based services that ensures proper community-based services.

(4) Nothing in this section shall be construed to require the commission to recommend closure of a hospital or disability institution if the commission determines that no closure should be recommended.

(5) The governor and the all agencies of state government shall take all actions necessary to put into effect the recommendations of the commission to close each developmental disabilities institution recommended for closure or to downsize or otherwise reduce a developmental disabilities institution recommended to be downsized or otherwise reduced in accordance with the recommendations of the commission therefore. The Director of the Budget shall prepare and submit budget estimates for the fiscal year ending June 30, 2011, and for ensuing fiscal years that support and implement the recommendations of the commission, including the preparation and submission of all amended budget estimates that such recommendations require. The governor shall make recommendations to the legislature for necessary funding of home and community-based services, program and direct financial and other aid and assistance for the implementation of the commission’s recommendations relating to those matters.

(6) Notwithstanding any provisions of any other Kansas law, on the date of closure of any disability institution, the real estate, and all improvements thereon, of such disabilities institutions are hereby declared to be surplus state property and shall be disposed of as provided by K.S.A. 2003 Supp. 75-6609 and amendments thereto. Notwithstanding any provisions of K.S.A. 2003 Supp. 75-6610 and amendments thereto to the contrary, all proceeds from the sale or development of such surplus state property shall be used to provide for community-based services in the most inclusive setting for the types of persons with disabilities served by the



institution. If a state mental retardation hospital or hospitals are recommended for closure, the all proceeds must be used to provide community-based services for consumers with developmental disabilities. If rainbow state hospital is recommended for closure, then all proceeds must be used to provide community-based services for children and youth with mental illness. If the Kansas school for the deaf is recommended for closure, then all proceeds must be used to provide community-based services and specialized educational services for children and youth who are deaf or hard of hearing. If the Kansas school for the blind is recommended for closure, then all proceeds must be used to provide community-based services and specialized educational services for children and youth who are blind or visually impaired. The Director of Accounts and reports shall create separate funds within the state budget for the proper tracking, accountability and expenditure of the proceeds to ensure that it is spent as required by this section.

(7) As used in this section, "disability institution" or "institution" shall mean any of the hospitals or institutions named in this section.

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**Option 2-A**

Take the governors exact language from the EO 09-01, and incorporate the above additional language into the bill – ensuring different components, like the recommendations are binding unless a law overrides them, proceeds go to support respective community based services, etc.



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# Employees at This Walgreens Distribution Center Are More Able Than Disabled

## Executive With Autistic Son Made It His Mission to Set Up Employment Opportunity



LaVette Rucker, left, of the Anderson County, S.C. Board of Disabilities and Special Needs, helps Lisa Wright, 25, learn how to scan a box at the Walgreens Training Center in Anderson, S.C. (Walgreens Training Center )

Feb. 11, 2008



At first glance, the Walgreens distribution center in Anderson, S.C., seems ordinary enough. But upon closer inspection, it's anything but. More than 40 percent of the 700 workers here are disabled.

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Thank you Randy Lewis & Walgreens!!  
I ...  
shaytxs Mar-4

Thank you to Walgreens and also ABC for te...  
Ross mom Mar-3

What a wonderful choice you made Lewis! I ...  
JanisIs Feb-27

COMMENT

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HOUSE AGING & LONG TERM CARE  
DATE: 3/12/09  
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Walgreens employee Julia Turner has Down's Syndrome. Derrill Perry, who works right next to her, is mentally retarded. Garrick Tada has autism. Luann Bannister, one of their training supervisors, is in a wheelchair.

Video



Walgreens Gives Hope to Disabled Workforce

"I tell you what — I love this job!" Turner exclaimed. "I'm happy, I'm contented, I've got people all around me who are the best friends I've ever had in the whole world."

Watch "World News with Charles Gibson" TONIGHT at 6:30 p.m. ET for Betsy Stark's full report.

Click here for disability-related information and resources from the federal government.

href="http://www.startonsuccess.org/">Start on Success is a program that helps high school students with disabilities transition into the workforce.

And Angela Mackey, who recruited most of them, has cerebral palsy.

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"I hope that from my work and from this program, I'm showing that disability or not, we all have potential. We all have value," Mackey said.

Though the job market continues to be a bright spot in an otherwise troubled economy, with the unemployment rate still just 4.7 percent, the national

unemployment rate for disabled Americans is more than 44 percent.

Almost two decades after the first President Bush signed the

Americans with Disabilities Act into law, disabled Americans continue to face enormous barriers in the workplace. But in this building, abled and disabled workers do many of the same jobs and earn the same pay.

href="http://www.nod.org/index.cfm?fuseaction=Feature.showFeature&FeatureID=1681">Army's Wounded Warriors (AW2) is a collaboration between the National EmployAbility Partnership and the U.S. Army to ensure that the most severely injured soldiers returning from Iraq and Afghanistan are productively engaged in pursuing their careers after they return home from active combat.

Luann Bannister observed, "It seems to be that a lot of corporate America tends to think you need to give someone with a



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disability an easier job. Everyone here is on equal ground."

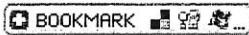
In this building, people with disabilities are not invisible.

Lynn Laughter said, "When you see someone on the street with a disability, everybody avoids that person. Here, we come up and shake your hand. It's totally different."

The quiet revolution happening in Anderson is the brainchild of Walgreens executive Randy Lewis, who has a 19-year-old son with autism.

"As a parent, I saw the future and so the question is, given our position, what do we do about it? Maybe we could be an example, maybe we could use our position of leadership to try to change the work environment."

Employees at This Walgreens Distribution Center Are More Able Than Disabled  
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# Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

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## TESTIMONY ON HB 2019

### HOUSE AGING AND LONG-TERM CARE COMMITTEE February 12, 2009

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to address the committee on House Bill 2019.

To begin, I would like to explain the words "collateral assignment" in the insurance context. Assignment may take one of two forms: an absolute assignment or a collateral assignment. Whether an assignment is absolute or collateral depends on whether the assignee has received complete ownership of the policy or only certain specified ownership rights in the policy.

An absolute assignment of a life insurance policy is an assignment when the policy owner transfers **all** of their policy ownership rights to the assignee. The policy owner-assignor has no further rights under the contract and the assignee becomes the policy owner.

A collateral assignment of a life insurance policy is a temporary assignment of the monetary value of a life insurance policy as collateral – or security – for a loan. For example, a person takes out of a personal loan from a bank, that person may collaterally assign a life insurance policy to the bank as security for the loan.

It is important to note the collateral assignment differs from an absolute assignment in three general respects:

1. **The collateral assignee's rights are limited to those ownership rights that directly concern the monetary value of the policy.** The policy owner retains all ownership rights that do not affect the policy's value. The policy owner-assignor, however, is not permitted to take out a policy loan or surrender the policy for its cash surrender value while a collateral assignment is in effect unless the assignee consents.
2. **The collateral assignee has a vested right to the policy's monetary values, but that right is limited.** The assignee's rights to the policy's values are limited to the amount of the assignor's indebtedness to the assignee. Consequently, if the policy proceeds become payable, the assignee is entitled to receive only the amount of the indebtedness; any remaining amount must be paid to the policy's beneficiary. The

assignee can receive this amount only in a lump sum and cannot select a settlement option.

3. **The collateral assignee's rights to the policy values are temporary.** If the assignor repays the amount owed to the collateral assignee, the assignment terminates, and all of the policy's ownership rights revert to the policy owner.

The act states that such review shall include the establishment of a procedure at the Kansas Health Policy Authority, which permits the holder of a life insurance policy, which has a **cash surrender** value to give the Kansas program of medical assistance a collateral assignment of the proceeds of such life insurance policy.

We assume the proceeds of a life insurance policy to be the death benefit paid on death, which may very well exceed the cash surrender value of the policy.

However, it should be noted that individuals would need resources to continue paying the life insurance premiums on their policies should the collateral assignment be made. This is would be necessary in cases where the life insurance policy is not paid up.

Thank for this opportunity and I will stand for questions.