

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 10, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Wayne Bollig, Director of Veterans' Services, Kansas Commission on Veterans' Affairs
Marcia Nielsen, Executive Director, Kansas Health Policy Authority (KHPA)

Others attending:

See attached list.

Introduction of proposed legislation

Senator Apple appeared before the Committee to request the introduction of legislation to place a cap of 6 on the number of sexual predator in the transition house program per each county. This is the same legislation as introduced in **HB 2363**.

Senator Wysong moved to introduce the legislation to place a cap of 6 on the number of sexual predators in the transition house program per county. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator McGinn moved to introduce legislation to shift the responsibility of the funeral assistance program from the county to the state and include a requirement that a funeral provider must be licensed in the state of Kansas to participate in the program. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Subcommittee Report on Kansas Commission on Veteran's Affairs (KCVA) including the Soldiers' Home and Veterans' Home

Senator Taddiken, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for KCVA, including the Soldiers' Home and Veterans' Home for FY 2010 (Attachment 1).

The Committee brought attention to a recent article which appeared in the State Net Capitol Journal addressing Medicaid relief by moving veterans from Medicaid to Veterans Administration services at a savings of approximately \$16.2 million to the state of Washington.

Senator Taddiken moved to amend the Subcommittee report by adding language to request that the Legislative Research Department obtain additional information on the Washington report of moving veterans from Medicaid to the Veterans Administration services and review at Omnibus. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Vratil moved to amend the Subcommittee report on the Kansas Commission on Veterans' Affairs for FY 2010 by adding language to review the agency budget report during Omnibus. The motion was seconded

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 10, 2009, in Room 545-N of the Capitol.

by Senator Teichman. Motion carried on a voice vote.

Responding to a question from the Committee with regard to the buildings on the grounds of the Soldiers' Home, Wayne Bollig, Director of Veterans' Services, KCVA, stated that there are approximately 152 residents on the grounds of the Soldiers' Home with a number of those in cottages. Mr. Bollig noted that the facilities are operated like a small city with their own power and other facilities used for purposes beyond the care facilities. Of the 130 buildings on the grounds, approximately 116 of the buildings are currently being used.

Senator Kelly moved to amend the Subcommittee report by adding language to request a report from the agency by Omnibus on alternate use of unused buildings on the Soldiers' Home grounds to possibly generate revenue. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

- The Committee requested a breakdown of the fees deposited in the KCVA fee funds.

Senator Taddiken moved to adopt the Subcommittee report on KCVA for FY 2010 as amended. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Subcommittee report on the Department of Social and Rehabilitation Services (SRS)

Senator McGinn, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Social and Rehabilitation Services (SRS) for FY 2010 and moved for the adoption of the Subcommittee report on the Department of Social and Rehabilitation Services for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Additional information on proposed SRS budget reductions was distributed to the Committee (Attachment 3).

Subcommittee report on the Kansas Health Policy Authority (KHPA)

Senator McGinn, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Kansas Health Policy Authority (KHPA) for FY 2010 with notations and adjustments (Attachment 4).

Amy Deckard, KLRD, and J. G. Scott, KLRD, responded to questions from the Committee concerning the various aspects of KHPA's FTE and non-FTE staff, classified and unclassified staff. Ms. Deckard noted that non-classified staff salaries are approved by the Governor and not subject to a pay schedule.

The Subcommittee noted that Item No. 9 was included in the Subcommittee report because salaries of the upper level of employees at KHPA are generally higher than comparable positions at SRS and felt that further review is warranted.

Responding to questions from the Committee, Marcia Nielsen, Executive Director, KHPA, felt that KHPA salaries are comparable to those at SRS and Kansas Board of Regents for similar positions. Ms. Nielsen indicated that KHPA is an independent agency and reports to a Board. In addition, Ms. Nielsen stated that KHPA determines policy for the state and felt that the agency takes on more responsibility than employees of other agencies. Ms. Nielsen noted that a number of the KHPA employees are experienced and have a high level of academic education.

Senator McGinn moved to amend Item No. 8 of the Subcommittee report on KHPA by correcting the number of FTE positions from 208.3 to 272.7 FTE. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Schmidt moved to amend Item No. 13 of the Subcommittee report on KHPA by adding the word "further" after "potentially". The motion was seconded by Senator Kelly. Motion carried on a voice vote.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 10, 2009, in Room 545-N of the Capitol.

Senator McGinn moved to adopt the Subcommittee report on KHPA for FY 2010 as amended. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Action on SB 285 - KAN-ED; funding.

Information on Kan-ed Authorized Program - Changes was distributed to the Committee (Attachment 5).

Senator McGinn moved to amend SB 285 by adding language to provide for a sunset on June 30, 2012. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

The Committee felt that a sunset of June 30, 2012, will encourage the agency to look for alternate funding sources.

Senator Teichman moved to recommend SB 285 favorable for passage as amended. The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

Adjournment

The next meeting is scheduled for March 11, 2009.

The meeting was adjourned at 12:00 p.m.

SENATE WAYS & MEANS COMMITTEE

GUEST LIST

DATE: March 10, 2009

NAME	REPRESENTING
JEFF COWGER	ITIA
Mary Ellen Orlee	Orlee Consulting Group
Brad Williams	Kan-ed / KBOB
Wayne Bollig	KCVA
Marshall Kennedy	KCVA
ETAY SHAWSTER	KHUS
Dodie Weelshear	KAPP
Caroleyn Melendy	Ks State's own
Ray Dalton	SRS
Candy Shively	SRS
April Holman	Kansas Action for Children
Seanne Dikle	Kansas Action for Children
Soniya Mehra	UMKC student
MATT FLETCHER	INTERHAB
Paula Clayton	KDHE
Mike Reecht	Jack Braden
Derek Klein	How Law Firm
Jason Darland	Pinegar + Smith
Wendy Gross	KC Coalition on School Readiness
Patrick Woods	SRS
Mike Hammond	ACUWAK
Poston Myer	KHPA
MARK BOBAN/SK	CAPITOL STRATEGIOS

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: March 10, 2009

NAME	REPRESENTING
Rob Meyer	KEMANEY & Assoc.
Mike Huttles	Huttles Gov't Relations
Fam Scott	Ks Funeral Directors Assn
Nancy Zogelman	Polsinelli
Tim Van Zandt	Saint Luke's Health System
Scott Brunner	KHPA
John K. Fhaber	Ks. Chiropractic Assn.
Roxie Clements	Public Solutions, LLC
Fred Luckey	KANSAS Hoop Assoc.
Tom Bell	"
Chad Austin	KHA
Al Marie Hoff	SKIL
Sharon Jones	SICK
Jennifer Schwanitz	KACIL
JK Shively	KCS
Doug Bowman	CCECOS
Paul Johnson	Ks. Catholic Cont.
Janie Rose	KCSL
Shirley Allen	KTRIC
Barb Langston	KHPA
Marci Nielsen	KHPA
Cynthia Smith	SCL Health System
Sis Weeks	SRS
Laura Howard	SRS
Kennie Leffler	Budget

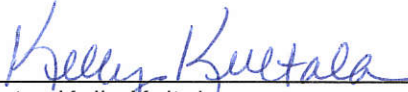
FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Veterans Affairs
Soldiers' Home
Veterans' Home



Senator Mark Taddiken, Chair



Senator Kelly Kultala

Senate Ways & Means Cmte

Date 3-10-2009

Attachment 1

House Budget Committee Report

Agency: Kansas Commission on Veteran's Affairs **Bill No.** HB **Bill Sec.**

Analyst: Dear **Analysis Pg. No. Vol.-** **Budget Page No.**

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,190,784	\$ 8,956,372	\$ 0
Other Funds	12,867,864	12,126,308	0
Subtotal - Operating	\$ 24,058,648	\$ 21,082,680	\$ 0
Capital Improvements:			
State General Fund	\$ 0	\$ 0	0
Other Funds	1,179,784	1,179,784	0
Subtotal - Capital Improvements	\$ 1,179,784	\$ 1,179,784	\$ 0
TOTAL	<u>\$ 25,238,432</u>	<u>\$ 22,262,464</u>	<u>\$ 0</u>
FTE Positions	533.8	513.0	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	<u>541.8</u>	<u>521.0</u>	<u>0.0</u>

Agency Request

The **agency** requests FY 2010 operating expenditures of \$24,058,648 an increase of \$2,221,451, or 10.2 percent, above the FY 2009 revised estimate. The request includes \$11,190,784 from the State General Fund, an increase of \$1,686,592, or 17.7 percent, above the FY 2009 revised estimate. The majority of the increase is attributed to enhancements totaling \$2,036,361. Without the enhancements, the request totals \$22,022,287, an increase of \$185,090, or 0.8 percent, above the agency's FY 2009 revised estimate.

Included in this estimate is a decrease of \$65,430 for the Kansas Soldiers' Home base request. The Kansas Soldiers' Home exceeded their base approved amount as calculated by the Division of Budget in their FY 2010 request. This amount was deleted from the agency budget by the Division of Budget and is reflected in the Governor's estimate as well. This change is not reflected in the Governor's Budget Report.

Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$21,082,680, a decrease of \$306,317, or 1.4 percent, below the Governor's FY 2009 recommendation. The recommendation is a decrease of \$2,993,784, or 12.4 percent below the agency's FY 2010 request. The Governor recommended FY 2010 State General Fund expenditures of \$8,956,372, a decrease of \$271,120, or 2.9 percent, below the Governors FY 2009 recommendation.

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The Governor's FY 2010 recommendation is a decrease of \$2,993,784, or 12.4 percent, below the FY 2010 agency request. The decrease is attributable to a recommendation against the enhancement packages totaling \$2,036,361 and reductions in salaries and wages stemming from the moratorium on State contributions to the Kansas Public Employee Retirement System (KPERs) death and disability insurance fund and group health insurance fund. The moratoriums reduced the KCVa budget by \$655,300. The governor recommends that \$236,244 of the reduction be transferred to the State General Fund, the remainder of the reduction is funded by federal funds and not subject to transfer.

House Budget Committee Recommendation

The **Committee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Committee requests that the House Appropriations Committee explore the status of the National Guard Museum expansion currently being supported by Scratch-Lotto funds originally designated for the Kansas Commission on Veterans' Affairs. Specifically, the Committee recommends exploring a delay in the disbursal of these funds and redirecting any remaining funds to the Kansas Commission on Veterans' Affairs.
2. The Committee notes that further reductions at the Kansas Commission on Veterans' Affairs are likely to jeopardize patient care at the Kansas Soldiers Home and the Kansas Veterans' Home and recommends that the Commission pursue reductions which insure that the best care for all Kansas veterans is protected.
3. The Committee further notes that the care of Kansas Veterans within the framework of the Kansas Commission on Veterans' Affairs minimizes State General Fund expenditures by effectively leveraging federal funds which would not be available in private care facilities.
4. The Committee recommends providing the Executive Director of the Kansas Commission on Veterans' affairs the authority to transfer funds between programs under the authority of Kansas Commission on Veterans' Affairs in order to assist in the best allocation of resources within the agency, in FY 2010.
5. The Committee recognizes and commends the diligent efforts and strong leadership of Jack Fowler, Wayne Bollig, Jim Hayes, Steve Dunkin, and Gilbert Cruz in effectively addressing the needs of Kansas Veterans at the Kansas Soldiers' Home and the Kansas Veterans Home, as well as the relationships with Veterans Service Organizations and field offices.

House Appropriations Committee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$571,725, including \$206,269 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for

seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill.

2. **KPERS Death and Disability Moratorium.** Add \$37,145, including \$13,322 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year rescission bill. The action still captures five months of savings from the moratorium in FY 2010.
 3. The Committee recommends appropriating \$50,000 from the Expanded Lottery Act Revenue Fund (ELARF) for the Kansas National Guard Museum expansion. The committee further recommends that this appropriation be reviewed at Omnibus.
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Senate Subcommittee Report

Agency: Kansas Commission on Veteran's Affairs **Bill No.** SB

Bill Sec.

Analyst: Dear

Analysis Pg. No. Vol.-

Budget Page No. - 253

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 11,190,784	\$ 8,956,372	\$ 100,696
Other Funds	12,867,864	12,126,308	389,279
Subtotal - Operating	<u>\$ 24,058,648</u>	<u>\$ 21,082,680</u>	<u>\$ 489,975</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	1,179,784	1,179,784	0
Subtotal - Capital Improvements	<u>\$ 1,179,784</u>	<u>\$ 1,179,784</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 25,238,432</u></u>	<u><u>\$ 22,262,464</u></u>	<u><u>\$ 489,975</u></u>
FTE Positions	533.8	513.0	0.0
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Included in this estimate is a decrease of \$65,430 for the Kansas Soldiers' Home base request. The Kansas Soldiers' Home exceeded their base approved amount as calculated by the Division of Budget in their FY 2010 request. This amount was deleted from the agency budget by the Division of Budget and is reflected in the Governor's estimate as well. This change is not reflected in the Governor's Budget Report.

1-5

Governor's Recommendation

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The Governor's FY 2010 recommendation is a decrease of \$2,993,784, or 12.4 percent, below the FY 2010 agency request. The decrease is attributable to a recommendation against the enhancement packages totaling \$2,036,361 and reductions in salaries and wages stemming from the moratorium on state contributions to the Kansas Public Employee Retirement System (KPERs) Death and Disability insurance fund and group health insurance fund. The moratoriums reduced the KCVA budget by \$655,300. The Governor recommends that \$236,244 of the reduction be transferred to the State General Fund, the remainder of the reduction is funded by federal funds and not subject to transfer.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$571,725, including \$206,269 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERs Death and Disability Moratorium.** Add \$37,145, including \$13,322 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERs Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERs Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$118,895, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. The Committee recognizes the diligent efforts of the Kansas Commission on Veteran's Affairs in supporting the needs of Kansas Veterans and rebuilding a spirit of cooperation between the Commission and the Veteran's Service Organizations.

5. The Kansas Commission on Veteran's affair is facing a substantial increase in the number of Kansas Veterans requiring care due to the relaxation of the eligibility standards for veterans in Kansas. Additionally, a budgetary reduction to 10.0 percent below the FY 2009 Governor's recommendation will jeopardize the care of Kansas Veterans while the Commission is attempting to address quality of care issues at the Kansas Soldiers home and make the transition to a Medicare based fee structure in cooperation with the Office of the State Ombudsman who is overseeing the transition. The Subcommittee does not recommend additional reductions to bring the agency to 10.0 percent below the FY 2009 Governors recommendation.



KANSAS COMMISSION ON VETERANS' AFFAIRS



Governor Kathleen Sebelius

Jayhawk Towers, 700 SW Jackson, Suite 701, Topeka, KS 66603-3758
(785) 296 3976 www.kcva.org (785) 296-1462 (Fax)

Executive Director Jack Fowler

Kansas Soldiers' Home

Additional Scenario: Prepare a proposed impact to the Kansas Soldiers' Home in SFY 2010 based upon a \$451,280.00 cut in Fee Fund.

Program(s) that will be reduced or eliminated:

The Kansas Soldiers' Home proposes to not replace any of the positions that are associated with the staff reduction plan of FY 2009

Savings that can be identified and actually realized:

Salaries and Wages Saved: \$451,280.

Number of FTE positions that will be eliminated and associated salary and fringe benefits costs:

12 positions will be eliminated with a cost savings of \$451,280.

Expenditure reductions by funding source:

State General Fund:	0
Scratch Lotto:	0
Resident Fees:	451,280
DVA Per Diem:	0

Description of the impact of the proposed reduction;

- This significant cut to resident fees will impact the Physical Plant/Central services ability to provide services needed to maintain the 130 buildings and the 700 acres of the grounds, for the veterans and their spouses. The above staff reductions occurred in February and March of 2009 to offset significant revenue shortfalls of FY 2009. On going projects associated with Repair and Rehabilitation will be re-prioritize and response time to cottage maintenance issues will be limited to safety and emergency only.

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KANSAS VETERANS' HOME REDUCTION IN FEE FUND SCENARIOS

Scenario 1: Cut SFY 2010 Fee Fund by \$451,280

Fee Fund reduction will be realized by closing one wing of Bleckley Hall beginning in January 2010.

- Reduce census by 25 residents (\$748,456 Other Operating Expenses)
- Reduce staff by 22 FTE (\$511,688 Salary and Wages)
- Will in turn reduce income by \$393,295 due to lost VA Per Diem Reimbursement.
- Will also reduce income by \$415,569 due to lost Resident Fees.
- Total saved \$451,280
- Facility Impact:
 - The FTE reduction would entail layoffs for many positions.
 - The wait for admission would extend considerably and some residents currently in private rooms would have to move to semi-private as space will not be available.

Scenario 2: Cut SFY 2010 Fee Fund by \$451,280

Fee Fund reduction will be realized by closing Donlon Hall beginning in March 2010.

- Reduce census by 48 residents (\$512,640 Other Operating Expenses)
- Reduce staff by 25 FTE (\$333,745 Salary and Wages)
- Will in turn reduce income by \$181,288 due to lost VA Per Diem Reimbursement.
- Will also reduce income by \$213,817 due to lost Resident Fees.
- Total saved \$451,280
- Facility Impact:
 - This move would be difficult for most domiciliary residents but many living in this area would return to a homeless status as they do not qualify for assistance outside of a state veteran home domiciliary program. The Robert J. Dole VA Center does not have the resources to house or place these individuals elsewhere in the community.
 - The FTE reduction would entail layoffs for many positions.
 - Leaving Donlon Hall vacant will be catastrophic in terms of deterioration of building systems including mechanical, electrical and plumbing.
 - The state of Kansas has received three federal grants from the DVA. Each of those grants included work on Donlon Hall. The closing of Donlon Hall may cause the state of Kansas to refund a portion of the DVA federal grant money.

VETERANS SERVICES

- A 10% cut in SGF would force the closure of two field offices.
- SAVINGS: \$121,473 (\$87,200 in salaries and benefits; \$34,273 in operating expenses).
- ADDITIONALLY, the Veterans' Claims Assistance Program would be reduced \$53,435.
- IMPACT:
 - Loss of approximately 2,600 benefit claims.
 - Dollar loss—upwards of \$6 million annually.
- A 13% cut eliminates all above and:
 - All itinerant travel for the program.
 - Required training for service representatives.
- Total additional savings of \$52,472 in operating expenditures.
- This additional cut leaves service representatives handling walk-in traffic only.

CEMETERY PROGRAM

- A 10% cut would cause the closure of one state veterans' cemetery.
- Depending on which cemetery closes, it would leave unattended some 145-325 burial spaces filled and 300-500 veterans and dependents pre-certified for interment. The pre-certified persons would have to seek interment elsewhere.
- SAVINGS: \$72,245 with the elimination of two FTE.
- Liability: The agreement was that the federal government would fund the building of the cemetery, while the state maintained it. If this agreement was broken, the Department of Veterans Affairs could seek to recover the cost of the closed cemetery—anywhere from \$3.2 million to \$6.7 million.
- A 13% reduction would eliminate another FTE, placing at risk the ability to meet burial service timelines.
- SAVINGS: \$21,426 with the elimination of 1 FTE.

KANSAS VETERANS' HOME (Winfield)

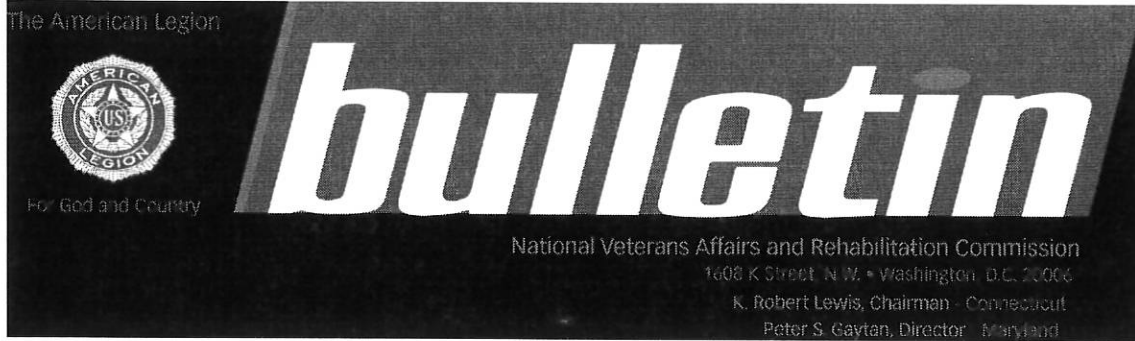
- To achieve a 10% reduction, the KVH would close Triplett Hall, currently providing services to 16 long-term care residents.
- SAVINGS:
 - Approximately \$238,000 in salaries and wages from the loss of 10.5 FTE
 - \$104,600 in operating expenses.
- IMPACT:
 - Resident count would be reduced in order to maintain a certain level of care for all residents. A reduction in census would also affect other funding streams: federal per diem for veteran residents and resident fees.
 - Vacating Triplett Hall could cause the Department of Veterans Affairs to recover its portion of federal funds invested in the Triplett facility, a total of \$2.19 million.
- A 13% reduction (\$102,800) would necessitate the loss of one LPN Sr. FTE
- SAVINGS: \$45,200. The remaining \$57,000 would be reached with SFY 2009 VA Per Diem rollover.

KANSAS SOLDIERS HOME (Fort Dodge)

- To achieve a 10% reduction, the KSH would not replace nine of the 21 positions that will be eliminated with the KSH SFY 2009 staff reduction plan.
- SAVINGS: \$287,144 in salaries and wages.
- IMPACT: Services necessary to maintain the KSH 130 buildings and the 700 acres of its grounds will be severely impaired. Repair and rehabilitation projects will be re-prioritized. Response time to cottage maintenance issues will be limited to emergency only.
- A 13% reduction in SGF would require holding open four additional maintenance FTEs for a savings of \$88,857. This would increase the risk of additional deficiencies related to the health and safety of residents. Consequences of scope and severity of deficiencies are: (1) civil money penalties; (2) ban on admissions; and (3) denial of DVA per diem reimbursement.

ADMINISTRATION

- A 10%-13% reduction would require the elimination of one FTE, a savings of \$68,000 (\$52,130 at 10% and \$67,769 at 13%).
- In a one-FTE-deep agency, this loss would severely hamper the agency's ability to meet objectives squarely because of the increased workload on the remaining staff.



01-09

January 12, 2009

**Relaxation of Priority Group 8
Enrollment Restrictions**

The Department of Veterans Affairs has received increased funding through Public Law 110-329 to alleviate some of the restrictions on Priority Group 8 enrollment. The adjustment applies to veterans who were not allowed to enroll in the VA health care system in the past because their income fell above the VA's means tests threshold (MTT). This new provision stipulates that the veteran's income cannot fall beyond the limits of 10 percent and goes into effect June 2009.

Veterans who apply for enrollment starting January 1, 2009, but before June 2009 and whose income surpasses the MTT or geographic means test (GMTT) by 10 percent will not be enrolled in the VA health system. However, the VA will make a re-determination after the effective date. Veterans whose applications were submitted prior to January 1, 2009, and were disapproved due to the MTT and GMTT will have to be re-submitted in order to be considered for the new provision.

PETER S. GAYTAN, DIRECTOR
National Veterans Affairs and
Rehabilitation Commission

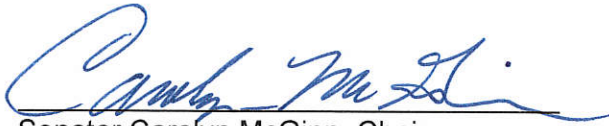
"Pioneering Quality Service to Veterans and Their Families"

1-15

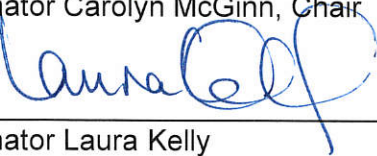
FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Department of Social and Rehabilitation Services



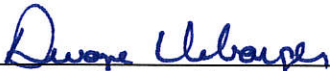
Senator Carolyn McGinn, Chair



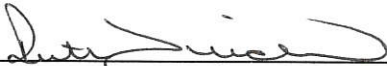
Senator Laura Kelly



Senator Jean Schodorf



Senator Dwayne Umbarger



Senator Ruth Teichman

Senate Ways & Means Cmte

Date 3-10-2009

Attachment 2

Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services **Bill No.** SB -- **Bill Sec.** --
Analyst: Deckard **Analysis Pg. No.** Vol.- **Budget Page No.** 177

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10*	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 716,956,177	\$ 576,524,947	\$ 2,915,272
Other Funds	898,702,663	929,451,515	1,237,793
Subtotal - Operating	\$ 1,615,658,840	\$ 1,505,976,462	\$ 4,153,065
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	26,061,982	7,512,950	0
Subtotal - Capital Improvements	\$ 26,061,982	\$ 7,512,950	\$ 0
TOTAL	\$ 1,641,720,822	\$ 1,513,489,412	\$ 4,153,065
FTE Positions	3,676.1	3,669.1	0.0
Non FTE Uncl. Perm. Pos.	85.3	85.3	0.0
TOTAL	3,761.4	3,754.4	0.0

* Includes Governor Sebelius GBA No 1, Item 1, which deletes \$61.1 million from the State General Fund, and adds the same amount from federal funds, for Medicaid expenditures.

Agency Request

The **Department of Social and Rehabilitation Services** requests a FY 2010 operating budget of \$1.6 billion, an increase of \$64.9 million, or 4.2 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$303.1 million, an increase of \$14.9 million, or 5.2 percent, above the revised current year estimate. The request includes 3,348.2 FTE positions and 70.3 Non-FTE positions, an increase of 7.0 FTE positions above the revised current year estimate.

The request includes enhancement funding of \$106.1 million, including \$47.7 million from the State General Fund and 7.0 FTE positions. Absent the enhancement requests, the request in FY 2009 would total \$1.5 billion, including \$669.3 million from the State General Fund, representing a total decrease of \$41.2 million, or 2.7 percent, and a State General Fund reduction of \$32.8 million, or 11.4 percent.

Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures \$1.5 billion, including \$637.6 million from the State General Fund. The recommendation is an all funds decrease of \$87.6 million, or 5.5 percent below the FY 2009 recommendation. The Governor's recommendation is a decrease of \$109.7 million, or 6.8 percent, below the agency's request. The Governor does not recommend

any of the agency's enhancement requests. In addition, the Governor recommends the following adjustments:

- Reductions of \$19.6 million, including \$22.6 million from the State General Fund, in savings from reduced resources packages.
- Addition of \$22.7 million, including \$8.4 million from the State General Fund, to fund the human services consensus caseloads agreed to at the fall estimating meeting.
- Capture savings of \$15.1 million, including \$14.1 million from the State General Fund, from renegotiating the foster care contract.
- Reduce the Children's Initiatives Fund expenditures for the child welfare program by \$3.1 million. Of this amount, the Governor recommends shifting expenditures of \$2.6 million to the State General Fund and \$229,774 to the Social Welfare Fund. In addition, reduce funding for the program by \$324,470.
- The Governor recommends the reduction of \$5.4 million, including \$2.4 million from the State General Fund, for a seven pay period moratorium on employer contributions for the state employee health benefit plan. In addition, the Governor recommends that savings of \$316,463 be transferred to the State General Fund.
- The Governor also recommends the reduction of \$1.0 million, including \$423,643 from the State General Fund, for a partial year moratorium on employer contributions to KPERS death and disability payments. In addition, the Governor recommends that savings of \$56,754 be transferred to the State General Fund.

Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$5,391,729, including \$2,381,022 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$425,415, including \$188,284 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$11,453,881, including \$5,174,034 from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service,

Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.

4. Add \$5.0 million, all from the State General Fund, for grants to the Community Mental Health Centers (CMHCs). The Subcommittee notes the valuable service these centers provide to the community.

In addition, the Subcommittee recommends a review of the restoration of \$2.0 million, all from the State General Fund, for the Community Mental Health Centers, at Omnibus.

5. Add \$520,000, all from the State General Fund, to restore funding for the funeral assistance program to the FY 2007 level. In addition, the Subcommittee recommends that the funding limit for each funeral be reduced from \$675 to \$545. The increase in funding per each funeral was provided starting in FY 2008. If funding for this program is not provided by the state, the expenditures will be shifted to the counties.

The Subcommittee recommends introducing legislation to shift the responsibility for funerals from the county to the state. The Subcommittee note its understanding that the funding for this program was transferred from the county level to the state when the Department of Social and Rehabilitation Services was created. Additionally, the Subcommittee recommends funding for this program be reviewed during the 2010 Legislative Session.

6. Add \$4,269,802, all from federal funds, to adjust for the correct federal match rate for Home and Community Based Services waivers. The Governor's recommendation does not include adjustment for the FMAP (federal medical adjustment) that was anticipated prior to changes associated with the federal stimulus package,
7. Accept GBA No. 1, Item 1, which deletes \$61.1 million, all from the State General Fund, and adds the same amount from federal funds in FY 2010 for Medicaid expenditures.

The GBA also deletes \$35.6 million, all from the State General Fund, and adds the same amount from federal funds in FY 2009. The GBA suggests the deletion of \$31.6 million, all from the State General Fund, and adding the same amount from federal funds in FY 2011 during the 2010 Legislative Session for Medicaid expenditures.

8. The Subcommittee requests that the agency report back prior to Omnibus regarding the policy for determining eligibility to receive Home and Community Based Services for individuals with a developmental disability (HCBS/DD) waiver payments at the extraordinary funding level. In addition, the Subcommittee requests that the agency report on any deviation from this policy in the current fiscal year and provide justification for this action.

The Subcommittee notes it intention to hold an additional meeting prior to Omnibus to discuss this issue.

9. The Subcommittee notes that the substantive legislation to implement the policies in regards to child in need of care cases, SB 92 and SB 94, are currently referred to the Senate Judiciary Committee. The Subcommittee

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recommends the status of the bills be reviewed at Omnibus as the Governor's recommendation includes combined savings in these bills of \$4.7 million, including \$4.3 million from the State General Fund.

10. The Subcommittee notes that the Governor recommends integrating the Grandparents as Caregivers Program into the Temporary Assistance for Families program. This shift would increase TANF funding by \$812,736 and decrease State General Fund obligations by \$1.2 million. The combination of programs would continue providing benefits to grandparents and relatives with TANF funding, however the benefits provided under the TANF program are lower than the Grandparents as Caregivers Program. SB 109 was introduced to implement this policy change. SB 109 had a hearing in the Ways and Means Committee, but has not yet had action taken. The Subcommittee recommends that the status of the legislation be reviewed at Omnibus.
11. The Subcommittee directs the agency to report back to the full committee prior to Omnibus, regarding the potential for funding from the federal stimulus package. In addition, the Subcommittee recommends that before expenditures are made from the State General Fund as a result of the federal stimulus package, priority be placed on providing additional funding for the Community Mental Health Centers (CMHCs) and Community Developmental Disability Organizations (CDDOs).
12. The Subcommittee notes that the Governor's recommendation for this agency exceeds a ten percent reduction if expenditures for caseloads are excluded from the calculation.

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request
Schedule A

Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SG FY 2010
<i>Difference Between FY 2009 GBR and SRS FY 2010 Submitted Budget</i>										
PD Waiver	8,398,741	12,556,202	20,954,943	Continue Access Freeze				Ongoing	Since FY 2009 GBR is serving as the base, these funds must come out as they were not part of the agency's submitted budget	8,398,741
SGF/Fee Fund Switch	3,443,095		--	None	None			One-time		11,841,836
Miscellaneous Operating Reductions	1,100,912		1,100,912	None	None			Ongoing		12,942,748
<i>Total Submitted Reductions</i>	<i>12,942,748</i>	<i>12,556,202</i>	<i>22,055,855</i>							
<i>1.25 Percent Cuts Carried Forward from SB 23</i>										
Misc. Reductions	6,289,511		6,289,511	None	None			Ongoing		19,232,259
<i>GBR Reductions</i>										
1 SGF/Fee Fund Switch	2,200,000		--	None	None			One-time		21,432,259
2 Renegotiate Foster Care	14,099,718		15,056,820	None	None			Ongoing		35,531,977
3 Limited Adoption Contract	1,399,228		1,399,228	None	None			Ongoing		36,931,205
4 Increase Vacant Positions	886,715	961,674	1,848,389	Hold 36 positions vacant	None			Ongoing		37,817,920
5 Cancel BARS Contract	100,000		100,000	Notify vendor	None			Ongoing		37,917,920
6 Reduce Funeral Assistance	405,000		405,000	Change regulations to be effective June 1, 2009.	1,200 Annual Persons			Ongoing	Per the Committee's instructions this reduction was changed from \$810,000 to \$405,000	38,322,920
7 Shift \$600,000 AAPS Grants to Gaming Revenue/Reduce Expenditures \$200,000	800,000		800,000	None	None			Ongoing		39,122,920
8 Integrate Grandparents as Caregivers (GAC) into Temporary Assistance for Families (TAF)	1,165,320		1,165,320	Revise GAC statutes	Moving children from GAC to TAF			Ongoing		40,288,240
9 Reduce CDDO State Aid	2,000,000		2,000,000	Notify CDDOs and other stakeholders	2,324 average monthly individuals			Ongoing		42,288,240
10 Reduce CMHC Consolidated Grants	2,000,000		2,000,000	Notify CMHCs and other stakeholders	2,420 Average Monthly Individuals			Ongoing	Per the Committee's instructions this reduction was changed from \$7.0 million to \$2.0 million	44,288,240
11 Release CINCs from SRS Custody @ 18	1,532,318		1,532,318	Statutory changes	94 Monthly Children			Ongoing		45,820,558
12 No SRS Custody for CINCNANs 16 & up	2,280,052		2,280,052	Statutory changes	170 Monthly Children			Ongoing		48,100,610
13 Limit General Assistance to 18 mos.	2,886,229		2,886,229	Regulation change, 30-day notice to clients	1,503 Monthly Persons			Ongoing		50,986,839

10% Excluding Caseload

(Includes difference between FY 2009 GBR and Submitted Budget, 1.25 percent cuts, and Items 1-13)

ning above this line represents a 10.0 percent cut excluding caseload

Senate Ways & Means Cmte
Date 3-10-2009
Attachment 3

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request
Schedule A

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Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
14 Limit MediKan Mental Health to 18 mos.	2,660,742		2,660,742	Regulation change, 30-day notice to clients	616 Monthly Persons			Ongoing		53,647,581
<i>Total GBR Reductions w/Committee adjustments</i>			<i>34,134,098</i>							
<i>Reductions Beyond GBR</i>										
15 Reduce CDDO State Aid	2,813,199		2,813,199	Notify CDDO's and other stakeholders	2,324 Average Monthly Individuals			Ongoing		56,460,780
16 Reduce Mental Health State Aid	5,150,000		5,150,000	Notify CMHC's and other stakeholders	1,780 Average Monthly Individuals			Ongoing		61,610,780
10% Cuts Including Caseload										
17 Reduce Substance Abuse Grants	1,000,000		1,000,000	Notify providers	475 Annual Persons			Ongoing		62,610,780
(Includes difference between FY 2009 GBR and Submitted Budget, 1.25 percent cuts, and Items 1-22)										
18 Reduce DD Day & Residential and Family Support Grants	5,000,000		5,000,000	Notify CDDO's as soon as possible; Notify other stakeholders	1,783 average monthly individuals			Ongoing	Some individuals affected would lose residential services.	67,610,780
19 Reduce Mental Health Consolidated Grants	3,000,000	2,465,801	7,108,654	Notify CMHC's and other stakeholders	2,458 average monthly individuals			Ongoing		70,610,780
20 Reduce General Assistance (GA) monthly cash grant to \$100	2,211,606	(456,780)	1,754,825	30-day notice to clients	3,231 average monthly adults			Ongoing		72,822,385
21 Reduce Child Care Assistance from 185% to 150% FPL	4,500,331	4,461,667	8,961,998	30-day notice to clients	2,668 average monthly children			Ongoing	Could affect federal stimulus money	77,322,716
22* Close Childrens beds at LSH , move to Private Facility	948,122		948,122	Notify clients, Notify staff	9 children average daily census	38.00	\$1,788,031 SGF	Ongoing	Savings reflects a net reduction that accounts for serving the kids in the community.	78,270,838
<i>Total Reductions Beyond GBR</i>		<i>24,623,257</i>	<i>6,470,687</i>	<i>32,736,798</i>						

Everything above this line represents a 10.0 percent cut including caseload

* These are the items that include staff reductions. Please note that the amounts listed for salaries and wages are included in the total savings.

Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request

Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
<i>Difference Between FY 2009 GBR and SRS FY 2010 Submitted Budget</i>										
PD Waiver	8,398,741	12,556,202	20,954,943	Continue Access Freeze				Ongoing	Since FY 2009 GBR is serving as the base, these funds must come out as they were not part of the agency's submitted budget	8,398,741
SGF/Fee Fund Switch	3,443,095		--	None	None			One-time		11,841,836
Miscellaneous Operating Reductions	1,100,912		1,100,912	None	None			Ongoing		12,942,748
<i>Total Submitted Reductions</i>	<i>12,942,748</i>	<i>12,556,202</i>	<i>22,055,855</i>							
<i>GBR Reductions</i>										
1 SGF/Fee Fund Switch	2,200,000		--	None	None			One-time		15,142,748
2 Renegotiate Foster Care	14,099,718		15,056,820	None	None			Ongoing		29,242,466
3 Limited Adoption Contract	1,399,228		1,399,228	None	None			Ongoing		30,641,694
4 Increase Vacant Positions	886,715	961,674	1,848,389	Hold 36 positions vacant	None			Ongoing		31,528,409
5 Cancel BARS Contract	100,000		100,000	Notify vendor	None			Ongoing		31,628,409
6 Eliminate Funeral Assistance	810,000		810,000	Change regulations to be effective June 1, 2009.	1,200 Annual Persons			Ongoing		32,438,409
7 Shift \$600,000 AAPS Grants to Gaming Revenue/Reduce Expenditures \$200,000	800,000		800,000	None	None			Ongoing		33,238,409
8 Integrate Grandparents as Caregivers (GAC) into Temporary Assistance for Families (TAF)	1,165,320		1,165,320	Revise GAC statutes	Moving children from GAC to TAF			Ongoing		34,403,729
9 Reduce CDDO State Aid	2,000,000		2,000,000	Notify CDDOs and other stakeholders	2,324 average monthly individuals			Ongoing		36,403,729
10 Reduce CMHC Consolidated Grants	7,000,000		7,000,000	Notify CMHCs and other stakeholders	2,420 Average Monthly Individuals			Ongoing		43,403,729
11 Release CINC's from SRS Custody @ 18	1,532,318		1,532,318	Statutory changes	94 Monthly Children			Ongoing		44,936,047
12 No SRS Custody for CINC/NANs 16 & up	2,280,052		2,280,052	Statutory changes	170 Monthly Children			Ongoing		47,216,099
13 Limit General Assistance to 18 mos.	2,886,229		2,886,229	Regulation change, 30-day notice to clients	1,503 Monthly Persons			Ongoing		50,102,328
14 Limit MediKan Mental Health to 18 mos.	2,660,742		2,660,742	Regulation change, 30-day notice to clients	616 Monthly Persons			Ongoing		52,763,070
<i>Total GBR Reductions</i>	<i>39,820,322</i>		<i>39,539,098</i>							
<i>Additional 3% Cuts Excluding Caseload</i>										
<i>Reductions Beyond GBR</i>										
15 Reduce CDDO State Aid	2,813,199		2,813,199	Notify CDDO's and other stakeholders	2,324 Average Monthly Individuals			Ongoing		55,576,269
16 Reduce Mental Health State Aid	5,150,000		5,150,000	Notify CMHC's and other stakeholders	1,780 Average Monthly Individuals			Ongoing		60,726,269

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Proposed SRS FY 2010 Reductions Per Senate Ways and Means Request

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Description	SGF	Federal Funds	All Funds	Implementation Requirements	Clients Affected	FTE	Associated Salaries and Wages	One-time / Ongoing Savings	Notes	Cumulative SGF FY 2010
17 Reduce Substance Abuse Grants	1,000,000		1,000,000	Notify providers	475 Annual Persons			Ongoing		61,726,269
18 Reduce DD Day & Residential and Family Support Grants	5,000,000		5,000,000	Notify CDDO's as soon as possible; Notify other stakeholders	1,783 average monthly individuals			Ongoing	Some individuals affected would lose residential services.	66,726,269
10% Cuts Including Caseload										
19 Reduce Mental Health Consolidated Grants	3,000,000	2,465,801	7,108,654	Notify CMHC's and other stakeholders	2,458 average monthly individuals			Ongoing		69,726,269
(Includes difference between FY 2009 GBR and Submitted Budget and Items 1-23)										
20 Reduce General Assistance (GA) monthly cash grant to \$100	2,211,606	(456,780)	1,754,825	30-day notice to clients	3,231 average monthly adults			Ongoing		71,937,874
21 Reduce Child Care Assistance from 185% to 150% FPL	4,500,331	4,461,667	8,961,998	30-day notice to clients	2,668 average monthly children			Ongoing	Could affect federal stimulus money	76,438,205
22* Close Cottage at Parsons	407,440	611,160	1,018,600	Notify clients, Notify staff	None	30.00	\$361,761 SGF; \$1,018,600 AF	Ongoing	Would require the consolidation of about 20 clients	76,845,645
23* Eliminate Rehabilitation Center for the Blind and Visually Impaired	361,671	1,336,319	1,697,990	Statutory changes	50 annual persons			Ongoing		77,207,316
24 Reduce Family Centered Systems of Care	2,500,000		2,500,000	Notify CMHC's and other stakeholders	864 children & adolescents per month			Ongoing	Savings are from CIF and would need to be transferred to SGF	79,707,316
25 Close Childrens beds at LSH , move to Private Facility	948,122		948,122	Notify clients, Notify staff	9 children average daily census	38.00	\$1,788,031 SGF	Ongoing	Savings reflects a net reduction that accounts for serving the kids in the community.	80,655,438
26 Eliminate Kansas Early Head Start	3,452,779	7,889,618	11,342,397	30-day notice to terminate grants	1,177 annual children			Ongoing	Savings are from CIF and would need to be transferred to SGF	84,108,217
27 2% Rate Reduction on the Waivers	3,179,739		3,179,739	Notify providers	None			Ongoing		87,287,956
28* Close Unit at KNI	1,135,000	8,065,951	9,200,951	Notify clients, Notify staff	80 clients	246.00	\$1,135,000 SGF; \$9,177,103 AF	Ongoing	Moving people to the community; number reflects net reduction.	88,422,956
Additional 3% Cuts Including Caseload										
29* Close Rainbow; Move Clients to Osawatomie State Hospital (OSH)	1,800,000		1,800,000	Notify clients, Notify staff	Clients would be moved to OSH	26.00	\$1,325,718 SGF	Ongoing	Moving 30 beds to OSH; net loss of 20 beds	90,222,956
(Includes All Items)										
30 Eliminate MH Community Medication Program	1,050,000		1,050,000	Provide a 30 day notice to Provider to amend the contract	442 eligible persons per month			Ongoing		91,272,956
31 ChangeLevel of Care for DD waiver from 30 to 50	772,177	1,173,343	1,945,520	Amend waiver; notify providers and consumers	245 average monthly clients			Ongoing		92,045,133
32 Change Level of Care for PD waiver from 26 to 30	1,452,500	2,171,501	3,624,001	Amend waiver; notify providers and consumers	2,845 Average Monthly consumers			Ongoing		93,497,633
33 Eliminate Remaining General Assistance (Cash)	4,339,380	-	4,339,380	Regulation change, 30-day notice to clients	3,231 average monthly adults	12.00	\$655,296 SGF	Ongoing		97,837,014
34 Eliminate General Assistance Mental Health	6,798,360		6,798,360	Regulation change, 30-day notice to clients	3,231 average monthly adults			Ongoing		104,635,374
<i>Reductions Beyond GBR</i>	<i>40,734,563</i>	<i>27,718,579</i>	<i>70,095,995</i>							

* These are the items that include staff reductions. Please note that the amounts listed for salaries and wages are included in the total savings.

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Health Policy Authority



Senator Carolyn McGinn, Chair



Senator Laura Kelly



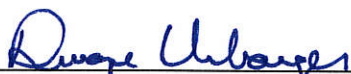
Senator Vicki Schmidt



Senator Jean Schodorf



Senator Ruth Teichman



Senator Dwayne Umbarger

Senate Ways & Means Cmte

Date 3-10-2009

Attachment 4

Senate Subcommittee Report

Agency: Kansas Health Policy Authority **Bill No.** SB --

Bill Sec. --

Analyst: Deckard

Analysis Pg. No. Vol.-

Budget Page No. 215

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10*	Senate Subcommittee Adjustments
Reportable Operating Expenditures:			
State General Fund	\$ 516,601,802	\$ 415,294,243	\$ (5,417,700)
Other Funds	900,041,888	1,046,024,911	(601,341)
Subtotal - Reportable Operating	\$ 1,416,643,690	\$ 1,461,319,154	\$ (6,019,041)
Non- Reportable Operation Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	39,465,690	39,465,690	0
Subtotal - Non- Reportable Operating	\$ 39,465,690	\$ 39,465,690	\$ 0
TOTAL	\$ 1,456,109,380	\$ 1,500,784,844	\$ (6,019,041)
Reportable Positions			
FTE Positions	220.3	208.3	0.0
Non FTE Uncl. Perm. Pos.	7.6	7.6	0.0
TOTAL	227.9	215.9	0.0
Non-Reportable Positions			
FTE Positions	64.4	64.4	0.0
Non FTE Uncl. Perm. Pos.	0.4	0.4	0.0
TOTAL	64.8	64.8	0.0
Total Positions			
FTE Positions	284.7	272.7	0.0
Non FTE Uncl. Perm. Pos.	8.0	8.0	0.0
TOTAL	292.7	280.7	0.0

* Includes Governor Sebelius GBA No 1, Item 1, which deletes \$100.9 million from the State General Fund, and adds the same amount from federal funds, for Medicaid expenditures. Also includes Governor Sebelius GBA No. 1, Item 2, which adds \$4.3 million, including \$1.2 million from the State General Fund, to expand SCHIP coverage from 200.0 percent to 250.0 percent of the federal poverty level.

Agency Request

The **Kansas Health Policy Authority** requests a FY 2010 reportable budget of \$1.4 billion, an increase of \$1.6 million, or 0.1 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$516.6 million, an increase of \$2.2 million, or 0.4 percent, above the revised current year estimate. The request would fund 220.3 FTE positions, and 7.6 Non-FTE positions, an increase of 11.6 FTE positions above the revised FY 2009 estimate. The

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increase is attributable to an enhancement request for the addition of 12.0 FTE positions and a shift of 0.4 FTE positions to Non-FTE positions in FY 2010.

The request includes enhancement funding of \$7.8 million, including \$3.2 million from the State General Fund. **Absent the enhancement requests**, the FY 2010 request would be a reduction of \$6.2 million, or 0.4 percent, and a State General decrease of \$1.0 million, or 0.2 percent, below the FY 2009 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2010 reportable operating expenditures of \$1.5 billion, including \$515.0 million from the State General Fund. The recommendation is an all funds increase of \$50.2 million, or 3.6 percent, and a State General Fund increase of \$11.8 million, or 2.3 percent, above the FY 2009 recommendation. The Governor's recommendation is an increase of \$40.4 million, or 2.9 percent, above the agency's request.

The Governor does not recommend any of the agency's enhancement requests. The Governor recommends savings of \$32.6 million, including \$24.6 million from the State General Fund. The Governor also does not recommend any expenditures from the Children's Initiatives Fund in FY 2010, a decrease of \$5.5 million.

The Governor recommends the reduction of \$323,806, including \$136,129 from the State General Fund, for a seven pay period moratorium on employer contributions for the state employee health benefit plan. In addition, the Governor recommends that savings of \$7,959 be transferred to the State General Fund.

The Governor also recommends the reduction of \$68,050, including \$28,768 from the State General Fund, for a partial year moratorium on employer contributions to KPERS Death and Disability payments. In addition, the Governor recommends that savings of \$1,612 be transferred to the State General Fund.

The Governor recommends the addition of \$86.3 million, including \$26.3 million from the State General Fund, for human service caseloads, as agreed to at the fall 2008 consensus estimating group.

Senate Subcommittee Recommendation

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

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$423,605, including \$136,129 from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The employer health insurance moratorium has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill.
2. **KPERS Death and Disability Moratorium.** Add \$38,751, including \$12,786 from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies.

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Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.

3. **Continue the FY 2009 1.25 percent reduction.** Delete \$1,481,397, including \$566,615 from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. Delete \$5.0 million, all from the State General Fund, to capture additional savings from limiting MediKan benefits to 18 months from the current 24 months. The Governor's recommendation utilized the \$5.0 million to establish a transition program including vocational training, similar to the Working Healthy Program.

The Subcommittee directs the agency to report back prior to Omnibus on the options for programs to provide transition services to the MediKan population on a smaller scale including the costs estimates to fund the other options.

In addition, the Subcommittee requests that the agency explore ways to offer a package of employment and support services aimed at re-entry into the workforce to achieve self-sufficiency. Outcomes from this package of services should be tracked to determine how successful this population is after the individuals have exhausted 18 months of MediKan eligibility.

The Subcommittee notes its intention to recommend additional expenditures of \$5.0 million, all from the State General Fund, in the Department of Social and Rehabilitation Services, for the grants for Community Mental Health Centers (CMHCs).

5. Accept GBA No. 1, Item 1, which deletes \$100.9 million, all from the State General Fund, and adds the same amount from federal funds in FY 2010 for Medicaid expenditures.

The GBA also deletes \$45.5 million, all from the State General Fund, and adds the same amount from federal funds in FY 2009. The GBA also suggests deletion of \$51.5 million, all from the State General Fund, and adding the same amount from federal funds in FY 2011 during the 2010 Legislative Session for Medicaid expenditures.

6. Accept GBA No.1, Item 2, which adds \$4.3 million, including \$1.2 million from the State General Fund, to increase funding for the State Children's Health Insurance Program (SCHIP) to expand eligibility from 200 to 250 percent of the federal poverty level.
7. Consider the addition at Omnibus of \$2.0 million, including \$800,000 from the State General Fund, to add back proposed savings from implementation of a mental health preferred drug list.

The Subcommittee notes the Governor's recommendation includes FY 2010 savings of \$2.0 million, including \$800,000 from the State General Fund by expanding the Preferred Drug List to include mental health drugs dispensed

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under Medicaid. Current state law (KSA 39-7, 121b) prohibits the inclusion of these medications on the preferred drug list. SB 166 was introduced to implement the Governor's recommendation and was referred to the Senate Public Health and Welfare Committee, but no action had been taken as of March 6, 2009.

8. Recommend establishing a position limitation of 208.3 FTE positions for the Kansas Health Policy Authority in the bill, as the majority of other state agencies are subject to a limitation.
9. Request that the agency review the salary levels and make reductions in the number of personnel as it relates to efficiency and programs unrelated to direct services. Review the salaries of upper level employees as it relates to other like state positions, and other comparable positions within the region. In addition, the Subcommittee recommends that the agency consider reducing salary levels instead of making other proposed reductions.

The Subcommittee requests the agency to report back with the salary information prior to Omnibus.

10. The Subcommittee directs that the Kansas Health Policy Authority develop a priority listing of Health Information Exchange (HIE) and Health Information Technology (HIT) projects that could be implemented within the next eighteen months and which would be eligible for federal stimulus dollars. The Subcommittee requests that the agency submit the listing prior to Omnibus.

This priority listing shall be developed jointly with the e-Health Advisory Council, in conjunction with all other agencies with an interest in this area, in the discussion and setting of priorities.

This priority listing shall be developed with consideration to include projects that will improve the rate of adoption of electronic health records, e-prescribing, prescription monitoring program, fully automated "Smart PA", electronic methamphetamine tracking, and web based eligibility and other tools that will improve the quality of and coordination of care and improve patient safety. In addition, the listing shall give consideration to an integrated, web-based eligibility enrollment system that would ensure an individual is enrolled in or offered enrollment in all benefits an individual is eligible. This system would require coordination between the following agencies, but is not limited to, the Kansas Health Policy Authority, the Department of Social and Rehabilitation Services, the Department on Aging, the Department of Commerce, the Department of Labor, and the Kansas Commission on Veterans' Affairs.

The Subcommittee requests that the agency identified funding for Kansas specific HIT/HIE projects from the federal stimulus funding be reviewed at Omnibus.

11. Request that the agency report back prior to Omnibus on the possibility and impact of providing reimbursement incentives to providers who participate in a Managed Care Organizations (MCO's) with regard to their Medicaid participation and reimbursement. The subcommittee notes their understanding that the Medicaid is having a hard time finding providers to contract with.

12. The Subcommittee notes that the Kansas Health Policy has implemented Medicaid efficiencies including:
- **Increased Managed Care to Control Costs.** The agency transitioned to a more comprehensive program of managed care for the HealthWave program. The agency estimates this will save between \$10.0 to \$15.0 million annually.
 - **Resolved Federal Disputes and Improved Program Integrity.** Resolved and settled in 2007 a number of outstanding federal audits, potentially saving hundreds of million of dollars.
 - **Better Targeted Payments for Hospitals who serve Low Income Individuals.** Amended disproportionate share hospital payments to target those hospitals which have the greatest burden of uncompensated care. The reformulated system of compensation should result in an additional \$4.3 million in federal funds annually.
 - **More Federal Funding for Physicians Who Train Medical Students.** Obtained an additional \$8.8 million in federal funds annually to pay for care provided by physicians who teach at the KU School of Medicine campuses in Kansas City and Wichita who serve a high volume of Medicaid patients.
 - **More Federal Funds for Safety Net Clinics.** Obtained an additional \$575,000 in federal funds in FY 2009 for safety net clinics and increased reimbursement rates for clinics that accept Medicaid.
 - **Increased Efficiencies by Using Standard Medical Identification cards.** In September 2008, the agency discontinued use of monthly paper medical cards and implemented permanent medical ID cards. This transition is anticipated to result in annual savings of \$210,000.
 - **Increased Enrollment in the Working Healthy Program.** Increased the number of people utilizing the Working Healthy Program, a program that offers people with disabilities who are working or interested in working the opportunity to keep their Medicaid coverage while on the job. This program was awarded a \$910,000 federal Medicaid Infrastructure grant.
13. The Subcommittee notes that the Governor's recommendation for this agency exceeds a ten percent reduction if expenditures for caseloads are excluded from the calculation. The Subcommittee notes implementation of further reductions for this agency could impact reimbursement rates for Medicaid providers, potentially limiting the number of willing providers.

Kan-ed Authorized Program – Changes

- 1) In order to facilitate bringing schools, libraries and hospitals up to a minimum broadband speed of 1.544mb (T-1), Kan-ed will provide this at no charge to the member institution, regardless of using a Kan-ed Authorized Provider or Direct Connect model.
- 2) If the Kan-ed member is served by a KAP, the Kan-ed member shall use the KAP to connect to Kan-ed, and to the commercial Internet, if commercial Internet connectivity is desired.
 - a. A T-1 rate is the actual cost to provide a T-1 by a KAP provider.
 - b. Kan-ed will pay the local provider the difference between an E-Rate price and \$0.00. This is per member. For example:
 - i. **Example A:** KAP cost is \$800 a month for a T-1.*
 1. School or library will E-Rate the \$800 a month, for a cost of \$280 a month after E-Rate. Kan-ed will grant the provider \$280 a month to provide a T-1 to a school or library.
 2. Schools or libraries that do not E-Rate are not eligible for this program.
 3. Hospitals do not have access to E-Rate. Kan-ed will use FCC funds and other federal grant programs to connect hospitals.
 - ii. **Example B:** KAP cost is \$200 a month for a T-1.*
 1. School or library will E-Rate the \$200 a month, for a cost of \$70 a month after E-Rate.
 2. Kan-ed will grant the provider \$70 a month to provide a T-1 to a school or library.
 3. Schools or libraries that do not E-Rate are not eligible for this program.
 4. Hospitals do not have access to E-Rate. Kan-ed will use FCC funds and other federal grant program to connect hospitals.
 - c. At the 3.0mb level:
 1. To incent higher levels of connectivity, Kan-ed will support a 3.0mb program.
 2. KAP will receive \$532 a month for each member that connects at 3.0mb for router assistance for the Kan-ed member, QoS and support.*
- 3) Commercial Internet Access
 - a. If the Kan-ed member is served by a KAP, the KAP shall provide commercial Internet access to the Kan-ed member.
 - b. If the local provider in the Kan-ed member's area is not a KAP, that local provider may still choose to provide commercial Internet access to the Kan-ed member if the Kan-ed member desires an "internet only" solution. The member may also have a dedicated Kan-ed circuit for Kan-ed connectivity (video/applications, etc.), in addition to the internet circuit provided by the local provider should the members so desire.
 - c. If the local provider does not choose to provide commercial Internet access to the Kan-ed member, Kan-ed may provide commercial Internet access to the Kan-ed member.
- 4) Kan-ed and the private telecommunications industry shall continue to work together to guarantee a public-private partnership affording advanced institutional connectivity for the benefit of the public, without using public funds to foster competitive information/communications services.

*These examples are subject to slight changes as necessitated by the Kan-ed budget for all connected Kan-ed members, regardless of connection method, Direct Connect or KAP. Additional slight changes may also be necessitated by the Federal E-Rate program and FCC Rural Health Care program.

Senate Ways & Means Cmte
Date 3-10-2009
Attachment 5