

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:06 a.m. on March 12, 2010, in Room 346-S of the Capitol.

All members were present except:

Representative Don Hineman- excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
J.G. Scott, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Stephen Huggins, Chief of Staff, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Kansas Health Policy Authority
- Attachment 2 Kansas Health Policy Authority Amendment
- Attachment 3 Budget Committee Report on Department of Social and Rehabilitation Services
- Attachment 4 Impact of House Social Services Budget Cuts
- Attachment 5 FY 2011 Reduced Resources
- Attachment 6 Department of Social and Rehabilitation Services Amendment

Representative Crum, Member, Social Services Budget Committee, presented the FY 2011 Kansas Health Policy Authority Budget Committee Report, (Attachment 1). The Budget Committee concurs with the Governor's Recommendation with the following adjustments: delete \$8.3 million from the State General Fund (SGF) and add the same amount from federal funds; add \$2 million to restore savings anticipated in the Governor's recommendation for the implementation of a preferred drug list for mental health prescriptions; add a proviso regarding MediKan; delete \$2,105,263 for salaries and wages; review at Omnibus potential savings; agency commended for potential savings in the Medicaid program; recommendation to revert to and reinstate its reimbursement policies, practices and methodology for durable medical equipment; proceed with e-prescribing comments on unsatisfactory efforts in identifying fraud and abuse in the Medicaid program; and directs the agency to pursue generic rebate parity.

Representative Crum made a motion to approve the FY 2011 Kansas Health Policy Authority Budget Committee Report. The motion was seconded by Representative Mast.

Representative Henry discussed concerns with recommendations in Item 4.

Representative Henry made a motion for an amendment that would remove Item 4 from the Budget Committee Report, which adds \$800,000 to the SGF. The motion was seconded by Representative Ballard.

Discussion followed by committee members regarding the 50% shrinkage rate and the impact of the budget reduction in regards to the quality of services provided and staffing issues.

Representative Henry renewed the motion. Motion failed.

Representative Henry made a motion to add the following language to the Budget Committee Report: the Budget Committee notes its optimism that the federal government will extend the enhanced federal match for

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on March 12, 2010, in Room 346-S of the Capitol

the second half of FY 2011. The extension could result in an additional \$130 million in federal medicaid funds across all medicaid programs. Because of this possible extension of federal medicaid funding the entire Kansas Health Policy Authority budget should be reviewed at Omnibus. The motion was seconded by Representative Mast. Motion carried.

Discussion followed by committee members regarding issues of Medicaid fraud and abuse.

Representative DeGraaf made a motion to add language to the Budget Committee Report that would ask the Kansas Health Policy Authority to report back to the Budget Committee, prior to Omnibus, on measures being taken to aggressively pursue fraud and abuse. The motion was seconded by Representative Donohoe.

Representative Donohoe made a motion for an amendment that would request the agency to look at where the federal government is getting the information or documentation for the \$500 million claim and how this would be implemented for Kansas to receive its portion. The motion was seconded by Representative DeGraaf. Motion carried.

Committee members continued discussion regarding: costs for mental health prescription drugs; durable medical equipment and contracts that may be available on a contingency basis.

Representative DeGraaf reviewed the contents of a proviso, (Attachment 2). He stated that this proviso basically asks the Kansas Health Policy Authority to conduct a study on insurance companies to identify reimbursements for medical coverage for mental health professionals.

Representative DeGraaf made a motion for an amendment to include the proviso in the Budget Committee Report. The motion was seconded by Representative Crum.

Representative DeGraaf responded to questions from committee members. He stated that this is an impact study and would not require extra funding only additional staff time.

Representative DeGraaf renewed the motion. Motion carried.

Representative Crum made a motion to approve the FY 2011 Kansas Health policy Authority Budget Committee Report favorable for passage, as amended. The motion was seconded by Representative Mast. Motion carried.

Representative Mast, Chair, Social Services Budget Committee, presented the FY 2011 Department of Social and Rehabilitation Services Budget Committee Report, (Attachment 3). The Budget Committee concurs with the Governor's recommendation with the following adjustments and notations: delete \$2,664,564 from the State General Fund for administrative reductions; delete \$852,2867 from the State General Fund in other grants and services; delete \$3,325,000 from the State General Fund to eliminate funding for Community Developmental Disabilities Organizations; delete \$5 million from the Children's Initiative Fund and transfer savings to the Foster Care Program; delete \$2 million from the Children's Initiatives Fund for the Early Head Start Program; urges the agency to proceed with amending current rules and regulations to allow the Community Mental Health Centers; restoration of reductions when the economy recovers.

Representative Mast made a motion to approve the FY 2011 Department of Social and Rehabilitation Services Budget Committee Report. The motion was seconded by Representative Rhoades.

Representative Henry reviewed the impact of the House Social Services Budget Cuts, (Attachment 4).

Representative Henry made a motion for an amendment that would remove Items 1 - 5 from the Budget Committee Report. The motion was seconded by Representative Ballard.

Discussion followed by committee members regarding the Children's Initiative Fund and Early Childhood Block Grant.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on March 12, 2010, in Room 346-S of the Capitol

Representative Henry reviewed the FY 2011 reduced resources for the Department of Social and Rehabilitation Services, (Attachment 5). He expressed concerns for the agency's ability to function and the impact on federal funding with the recommended budget reductions.

Representative Henry renewed the motion. Motion failed.

Committee members requesting that the minutes reflect their vote in support of the motion are as follows: Representative Feuerborn, Representative Carlin, Representative Dillmore, Representative Burroughs, Representative Ballard, Representative Lane, Representative Gatewood, and Representative Williams.

Discussion followed by committee members regarding the balance in the Children's Initiative Fund.

Representative Mast made a motion to transfer \$2 million from the Children's Initiative Fund to the State General Fund. The motion was seconded by Representative Rhoades. Motion carried.

Representative Donohoe reviewed an amendment to the Budget Committee Report, (Attachment 6).

Representative Donohoe made a motion for an amendment to review at Omnibus the addition of \$1.1 million from the State General Fund in FY 2011 to restore the Governor's reduction to the Centers for Independent Living. The motion was seconded by Representative Mast. Motion carried.

Discussion followed by committee members regarding payment for services received.

Representative Rhoades made a motion to amend the report with the inclusion of uninsured and insured who have the ability to pay but refuse to pay. The motion was seconded by Representative Mast.

Discussion continued by committee members regarding the intake process for clients, determining the ability to pay, and billing procedures. It was noted that Community Mental Health Centers, (CMHC) are required to provide services regardless of the individuals willingness to pay. The amendment would allow CMHC the ability to deny services based on an individual's ability to pay but continued refusal to do so. The recommendation was brought to the committee for consideration by CMHC, Representative Mast added.

Don Jordan, Secretary, Department of Social and Rehabilitation Services, responded to questions from committee members. He discussed the impact of the FY 2010 and proposed FY 2011 budget reductions. The issue of addressing on-going patterns for clients able to pay but who do not, and a process in place to deny services was discussed. This has been an on-going concern for CMHC, he noted.

Mike Hammond, Executive Director, Community Mental Health Centers, responded to the same question asked of Secretary Jordan. He stated that with the loss of over \$20 million in grants, CMHC were asked to identify ways in which to address these challenges. An established criteria would need to be developed. This would allow a basis for denial of services, which would include documentation of the individual's ability to pay but unwillingness to do so, he stated. This would be a regulatory not statutory change recommendation, Mr. Hammond stated.

Representative Rhoades renewed the motion. Motion carried.

Representative Henry made a motion for an amendment to review Items 1 - 8 at Omnibus. Representative Mast seconded the motion. Motion carried.

Representative Mast made a motion to approve the FY 2011 Kansas Department of Social Services Budget Committee Report as amended. The motion was seconded by Representative Rhoades. Motion carried.

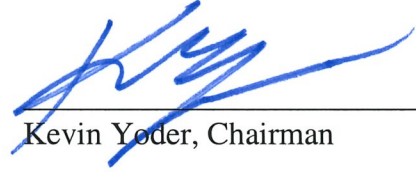
Committee members requesting that the minutes reflect votes not in favor of the motion are as follows: Representative Feuerborn, Representative Carlin, Representative Dillmore, Representative Burroughs, Representative Ballard, Representative Henry, Representative Lane, Representative Gatewood, and Representative Williams.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on March 12, 2010, in Room 346-S of the Capitol

The next meeting is scheduled for March 15, 2010.

The meeting was adjourned at 10:53 a.m.

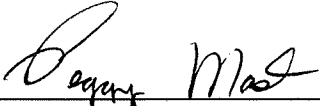


Kevin Yoder, Chairman

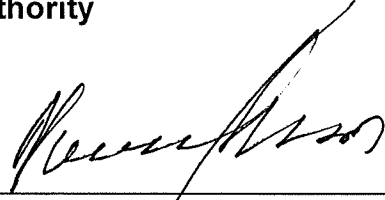
FY 2011

SOCIAL SERVICES BUDGET COMMITTEE

Kansas Health Policy Authority



Representative Peggy Mast, Chair



Representative David Crum



Representative Marc Rhoades, Vice-Chair

Representative Tom Hawk



Representative Mike Kiegerl

Representative Jerry Henry,
Ranking Minority Member



Representative Forrest Knox

Representative Barbara Ballard

House Budget Committee Report

Agency: Kansas Health Policy Authority

Bill No. HB 2705

Bill Sec. 66

Analyst: Deckard

Analysis Pg. No. 262

Budget Page No. 215

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Reportable Operating Expenditures:			
State General Fund	\$ 444,763,973	\$ 477,453,818	\$ (8,270,000)
Other Funds	1,015,617,539	1,018,016,751	8,164,737
Subtotal	<u>\$ 1,460,381,512</u>	<u>\$ 1,495,470,569</u>	<u>\$ (105,263)</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 1,460,381,512</u></u>	<u><u>\$ 1,495,470,569</u></u>	<u><u>\$ (105,263)</u></u>
FTE positions	288.7	288.7	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u><u>288.7</u></u>	<u><u>288.7</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests a FY 2011 reportable operating budget of \$1.5 billion, an increase of \$2.3 million, or 0.2 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$444.8 million, an increase of \$58.7 million, or 15.2 percent, above the revised current year estimate. The request would fund 288.7 FTE positions, an increase of 7.0 FTE positions above the revised FY 2010 estimate. The FTE positions include the addition of 24.0 FTE positions partially offset by reductions in the revised current year estimate.

The request includes enhancement funding of \$10.3 million, including \$366,756 from the State General Fund. Absent the enhancement requests, the FY 2011 request would be a reduction of \$8.0 million, or 0.5 percent, and a State General increase of \$58.4 million, or 15.1 percent, from the FY 2010 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 reportable operating expenditures of \$1.5 billion, including \$477.5 million from the State General Fund. The recommendation is an all funds increase of \$73.9 million, or 5.2 percent, and a State General Fund increase of \$90.0 million, or 23.2 percent, above the FY 2010 recommendation. The Governor's recommendation is an increase of \$35.2 million, or 2.4 percent, above the agency's request.

The Governor recommends the addition of \$50.8 million, including \$39.6 million from the State General Fund, for human service caseloads, as agreed to at the fall 2009 consensus estimating group. The portion of expenditures anticipated to be funded by the federal government for the Medicaid program decreased in FY 2011 due to the end of the federal American Recovery and Reinvestment Act (ARRA) funding at the end of December 2010, or half way through FY 2011. In addition, the base Medicaid matching rate for federal contribution, excluding ARRA funding, was reduced by 1.33 percent between FY 2010 and FY 2011.

In addition, the Governor's recommendation includes one of the agency's enhancement request, totaling \$9.5 million, all from federal funds, and 24.0 FTE positions for the KATCH grant.

The Governor's recommendation also includes operational reductions totaling \$4.1 million, including \$2.0 million from the State General Fund. The Governor's recommendation also continues the policy from the FY 2010 allotments to limit MediKan benefits to 12 months, resulting in FY 2011 savings of \$1.1 million, all from the State General Fund. The Governor recommends revising downward the estimate for the State Children's Health Insurance Program (SCHIP) resulting in savings of \$3.3 million, including \$1.0 million from the State General Fund in FY 2011.

The Governor recommends accepting all three of the agency's reduced resources, totaling \$5.8 million, including \$2.0 million from the State General Fund. The reduced resources include professional services rate leveling, streamlining prior authorization, and mental health pharmacy management.

House Budget Committee Recommendation

The **Budget Committee** concurs with Governor's recommendation with the following adjustments:

1. Delete \$8.3 million, all from the State General Fund, and add the same amount from federal funds. The federal Centers for Medicare and Medicaid Services (CMS) recently announced it had reconsidered its previous determination that the "clawback" payments were not eligible for the enhanced federal match authorized by the 2008 American Recovery and Reinvestment Act (ARRA). The application of the enhanced federal contribution will decrease the amount the state owes the federal government by \$24.7 million over two years. The clawback refers to monthly payments made by states to the federal government for individuals whose prescription services were previously made by the states but are now made by the federal government under Part D of the 2003 Medicare Modernization Act. The enhanced match will be retroactive back to the beginning of the ARRA benefit period, October 2008. Current estimates from the Kansas Health Policy Authority indicate reduced State General Fund payments in FY 2010 of \$16.4 million and \$8.3 million in FY 2011. The Governor captured the savings for FY 2010 in March 8, 2010 announcement.
2. Add \$2.0 million, including \$800,000 from the State General Fund, to restore savings anticipated in the Governor's recommendation from the the implementation of a preferred drug list for mental health prescriptions. Current state law (KSA 39-7,121b) prohibits the inclusion of these medications on the preferred drug list. 2009 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 8, 2010.

The Budget Committee notes testimony received which indicated that for every \$1 in prescription savings achieved there was an additional \$17 in increased medical expenditures elsewhere in the Medicaid program.

In addition, the Budget Committee notes that in the area of mental health prescription drugs for the Medicaid program, the agency should implement practice guidelines, provider feedback and retrospective reviews to identify prescribers who deviate and focus on providing support and specialty consultation to address safety concerns.

3. Add proviso language regarding the MediKan preferred drug list which was included in the 2009 Session Omnibus appropriations bill. The language is as follows:

“Provided, That the Kansas Health Policy Authority shall not require an individual, who is currently prescribed medications for mental health purposes in the MediKan program, to change prescriptions under a preferred drug formulary during the fiscal year ending June 30, 2011: Provided further, That all prescriptions paid for by the MediKan program shall be filled pursuant to subsection (a) of K.S.A. 65-1637, and amendments thereto: And provided further, That the Kansas health policy authority shall follow the existing prior authorization protocol for reimbursement of prescriptions for the MediKan program for the fiscal year ending June 30, 2011: And provided further, That, the Kansas Health Policy Authority shall not expend any moneys appropriated for fiscal year 2011 for such agency as authorized by this or other appropriation acts of the 2010 regular session of the legislature, to implement or maintain a preferred drug formulary for medications prescribed for mental health purposes to individuals in the MediKan program during the fiscal year ending June 30, 2011.”

4. Delete \$2,105,263, including \$800,000 from the State General Fund, for salaries and wages in FY 2011. This will increase the agency shrinkage rate from 15.2 percent to 35.5 percent.
5. Review, prior to Omnibus, the potential of savings which would result from reduction or elimination of services not determined to be mandatory by the federal government but which are currently part of approved state Medicaid plan. The Budget Committee requests additional information from the Kansas Health Policy Authority regarding these expenditures for all Medicaid programs across all agencies.
6. The Budget Committee commends the agency for the report it submitted regarding the potential for savings in the Medicaid program in accordance with language contained in 2010 House Bill 2222. In addition, the Budget Committee encourages the agency to continue to evaluate the program in its entirety and report on potential areas of savings.
7. The Budget Committee recommends that agency reverts to and reinstates its reimbursement policies, practices, and methodology for durable medical equipment, which were in effect on December 31, 2009, and the the agency meet with all interested parties with the intention of establishing provider reimbursements sufficient to enlist enough qualified providers so that health care products and services will be available to recipients, at least to the extent that the products are available to the general public, with such reimbursements to be implemented not before August 31, 2010.

The Budget Committee notes that this recommendation is in response to information which indicated the Durable Medical Equipment providers are currently refusing services to Medicaid recipients in response to the 10.0 percent provider reimbursement reduction and payment reforms implemented by the agency, including requiring durable medical equipment supplies provide the actual costs of products to ensure reimbursement no greater than 135 percent of costs, review potential overpayments, and the intent of the agency to pursue manufacturer rebate programs.

8. The Budget Committee directs the agency to proceed with e-prescribing, which allows the prescriber's to electronically send an accurate, error-free and understandable prescription directly to a pharmacy, as other states which have implemented the initiative have recognized significant savings. In addition, the Budget Committee encourages the agency to attempt to utilize Health Information Technology funding currently available from the federal 2008 American Recovery and Reinvestment Act (ARRA).
9. The Budget Committee notes it is not satisfied with the efforts being made by the agency in identifying fraud and abuse in the Medicaid program. The Budget Committee recognizes that the fiscal agency identified an overpayment, however, additionally notes that being able to capture savings of one percent in the Medicaid program would equate to \$26.4 million, from all funding sources. The federal portion of any moneys recovered is required to be returned to the federal government.
10. The Budget Committee directs the agency to pursue generic rebate parity. Currently, the agency receives only a portion (4.0 percent) of the allowable 11.0 percent of rebates for this category of prescriptions. The Budget Committee directs the agency to pursue increased generic rebates to the greatest extent possible and review the possibility of making the increased rebate retroactive to 2006. The Budget Committee notes that there is potential for increased revenues to the state from this action.

Proposed amendment to the Kansas Health Policy Authority

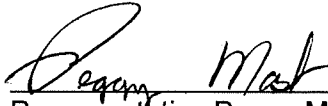
(a) During the fiscal year ending June 30, 2011, in addition to the other purposes for which expenditures may be made by the Kansas health policy authority from moneys appropriated from the state general fund or any special revenue fund or funds for fiscal year 2011 for the Kansas health policy authority as authorized by this or other appropriation act of the 2010 regular session of the legislature, expenditures shall be made by the Kansas health policy authority from moneys appropriated from the state general fund or any special revenue fund or funds for fiscal year 2011 to conduct a study on the topic of requiring insurance companies to reimburse clinical marriage and family therapists, clinical professional counselors and clinical psychotherapists: *Provided*, That, such study shall be designed to: (1) Determine the impact that coverage for such therapists, counselors and psychotherapists has had on the state health care benefits program as described in article 65 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto; (2) provide data on utilization of such therapists, counselors and psychotherapists by individuals covered for direct reimbursements for services provided by such therapists, counselors and psychotherapists; (3) determine the cost of providing coverage for such therapists, counselors and psychotherapists; (4) compare the costs of coverage between individuals under the state health care benefits program covered by insurance companies which provide direct reimbursement for services provided by such therapists, counselors and psychotherapists to individuals under the state health care benefits program covered by insurance companies which do not provide such direct reimbursement; (5) compare the amount of premiums charged by insurance companies which provide reimbursement for services provided by such therapists, counselors and psychotherapists to the amount of premiums charged by insurance companies which do not provide such direct reimbursement; and (6) determine whether mandated direct reimbursement for such therapists, counselors and psychotherapists should be continued under the state health care benefits program: *Provided further*, That, in addition, the Kansas health policy authority shall conduct an analysis to determine if proactive mental health care treatment results in reduced expenditures for future mental and physical health care services, by comparing expenditures of patients who receive such proactive mental health care treatments with those patients who do not during the regular session of the legislature in 2010: *And provided further*, That, such studies shall be completed no later than December 31, 2010, and shall be made available to all members of the house committee on insurance, the senate committee on financial institutions and insurance committee and all parties seeking passage of such legislation no later than the first day of the 2011 Kansas legislative session: *And provided further*, That, the insurance department and all other departments, boards, agencies, officers and institutions and subdivisions thereof shall cooperate with the Kansas health policy authority in carrying out all duties prescribed pursuant to this section.

Appropriations Committee
Date 3-12-10
Attachment 2

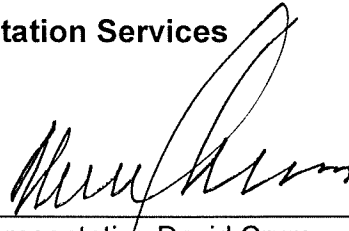
FY 2011

SOCIAL SERVICES BUDGET COMMITTEE

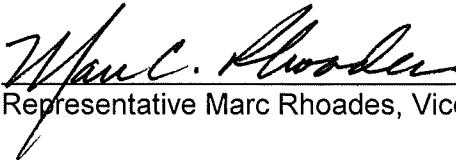
Department of Social and Rehabilitation Services



Representative Peggy Mast, Chair



Representative David Crum



Representative Marc Rhoades, Vice-Chair

Representative Tom Hawk

Representative Jerry Henry,
Ranking Minority Member



Representative Mike Kiegerl

Representative Barbara Ballard



Representative Forrest Knox

Appropriations Committee

Date 3-12-10

Attachment 3-1

House Budget Committee Report

Agency: Department of Social and Rehabilitation Services

Bill No. HB 2705

Bill Sec. 67

Analyst: Deckard

Analysis Pg. No. 294

Budget Page No. 179

Expenditure Summary	Agency Request FY 2011	Governor Recommendation FY 2011	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 625,285,398	\$ 592,859,917	\$ (10,440,057)
Other Funds	950,953,503	966,361,570	(3,401,793)
Subtotal	<u>\$ 1,576,238,901</u>	<u>\$ 1,559,221,487</u>	<u>\$ (13,841,850)</u>
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	7,652,950	5,005,629	0
Subtotal	<u>\$ 7,652,950</u>	<u>\$ 5,005,629</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 1,583,891,851</u></u>	<u><u>\$ 1,564,227,116</u></u>	<u><u>\$ (13,841,850)</u></u>
FTE positions	3,669.1	3,669.1	0.0
Non FTE Uncl. Perm. Pos.	85.3	85.3	0.0
TOTAL	<u><u>3,754.4</u></u>	<u><u>3,754.4</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests an FY 2011 operating budget of \$1.6 billion, a decrease of \$30.2 million, or 1.9 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$625.3 million, an increase of \$57.7 million, or 10.2 percent, above the revised current year estimate. The request includes 3,669.1 FTE positions and 85.3 Non-FTE positions, the same number of FTE positions as the revised current year estimate.

The request includes enhancement funding of \$50.4 million, including \$30.8 million from the State General Fund. Absent the enhancement requests, the request in FY 2011 would total \$1.5 billion, including \$594.5 million from the State General Fund, representing an overall decrease of \$80.6 million, or 5.0 percent, and a State General Fund increase of \$26.9 million, or 4.7 percent, from the FY 2010 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures \$1.6 billion, including \$592.9 million from the State General Fund. The recommendation is an all funds decrease of \$43.4 million, or 2.7 percent below the FY 2010 recommendation. The Governor's recommendation is a decrease of \$17.1 million, or 1.1 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 \$8.3 million, including \$8.1 million from the State General Fund, in Department of Social and Rehabilitation Services savings from reduced resources.
- Addition of \$34.5 million, including \$8.1 million from the State General Fund, to fund the human services consensus caseloads agreed to at the fall estimating meeting.
- Addition of \$6.7 million in special revenue funds to be expended for the home and community based services waivers. The addition of special revenue funds results in the addition of \$12.1 million of federal Medicaid funds. The increase is partially offset by the lose of \$8.3 million in federal Medicaid funding resulting from the 1.33 percent decrease in the federal base match rate. The net increase to the system is \$10.5 million.
- Reduction of \$270,805, all from federal funds for the Intermediate Care Facilities for Persons with Mental Retardation (ICF/MRs), resulting from the 1.33 percent decrease in the federal base match rate.
- The Governor also recommends increasing the agency's salaries and wages shrinkage by \$3.0 million, including \$1.6 million from the State General Fund, from 16.3 percent to 18.5 percent.

House Budget Committee Recommendation

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

1. Delete \$2,664,564, including \$1,550,000 from the State General Fund, for administrative reductions. These include the following:
 - \$1.9 million, including \$1.0 million from the State General Fund, for the Administration program.
 - \$651,554, including \$500,000 from the State General Fund, from the Strategic Development program.
 - \$123,395, including \$50,000 from the State General Fund, from the Integrated Service Delivery Program.
2. Delete \$852,286, including \$565,057 from the State General Fund, in other grants and services, which includes grants and contracts in the Children and Family Services program.
3. Delete \$3,325,000, all from the State General Fund, to eliminate all remaining grant funding for Community Developmental Disabilities Organizations (CDDOs).
4. Delete \$5.0 million, all from the Children's Initiatives Fund, from the Early Childhood Block Grant. Transfer the Children's Initiatives Fund savings to the foster care program and reduce State General Fund foster care expenditures by the same amount.
5. Delete \$2.0 million, all from the Children's Initiatives Fund, for the Early Head Start Program.
6. The Budget Committee strongly urges the agency to proceed with amending current rules and regulations to allow the Community Mental Health Centers (CMHCs) to require

payment from uninsured individuals. If the payments are not received, the regulations should allow CMHCs to refuse treatment (except for crisis situations or those requiring mental health hospitalization). The Budget Committee notes the funding losses for the CMHCs have reduced the ability to provide services to everyone, regardless of their ability to pay. The Budget Committee notes its belief that it will no longer be possible for CMHCs to abide by this philosophy at the reduced funding level.

7. The Budget Committee notes that as the economy continues to decline, or simply not improve, more people will look to the state, specifically human service agencies, to assist them in meeting their basic needs. Reductions made to this agency, both currently proposed and those passed previously, have hindered the agency's ability to respond appropriately to those in need. The Budget Committee recommends that restoration of reductions occur as soon as possible.
8. The Budget Committee notes its optimism that the the federal government will extend the enhanced federal match for the second half of FY 2011. This extension could result in an additional \$130 million in federal Medicaid funds across all Medicaid programs.

Impact of the House Social Services Budget Cuts

	FY 2011		Impact
	SGF	AF	
House Budget Committee Cuts			
Administration	(1,000,000)	(1,889,615)	Eliminate approximately 28.00 FTE administrative positions. These are Legal, Human Resource, ITS, and Accounting positions and a reduction would impact our ability maintain computer functions, make payroll, and meet federal accounting and reporting requirements., and meet personnel and legal rules and regulations.
Strategic Development	(500,000)	(651,554)	Eliminate approximately 9 FTE (70% of all FTE) plus contractual services that support agency wide and mandatory professional development for 6,000 employees. Reduce infrastructure, consultation, and support for training and virtual tools. Investment in capacity and technology here contributes to reduced travel costs and time away from work for agency staff.
ISD Admin	(50,000)	(123,395)	This reduction will limit the ability to hire approximately two positions necessary to manage on-going and ARRA-related responsibilities. To meet this reduction the division would need to reprioritize work.
CFS Other Grants & Contracts	(565,057)	(852,286)	Reduce the Adoption Exchange contract by 11.4 percent. This contract supports a federal requirement for states to maintain information regarding prospective adoptive resources for children in the custody of the Secretary. Reduce the Family Resource Contract for emergency shelter services by 25.5 percent. This grant supports short term case management services for approximately 6,800 children annually with the goal to prevent out of home placement in foster care. Reduce the FC and Prevention Tribal Grant by 25.5 percent. This grant supports direct child protection and case management services to families with children by 4 recognized Tribes in Kansas.
Eliminate DD Grants	(3,325,000)	(3,325,000)	Eliminate services for 1,669 individuals. These grants provide a "safety net" for individuals with developmental disabilities by giving the CDDOs the flexibility to utilize these funds when individuals are in need of supports and waiver services are not available. Without the grant funds the number of crisis requests for MR/DD waiver services may increase.
Cut Early Childhood Block Grant and Replace SGF in FC	(5,000,000)	(5,000,000)	A \$5M (45% cut) in the Early Childhood Block Grant would result in 3,251 at-risk infants, toddlers and preschoolers losing services
Early Head Start CIF Reduction	(2,000,000)	(2,000,000)	The immediate impact of this reduction is to reduce the number of children served by approximately 208, or by 17.6 percent. Research has consistently shown that the comprehensive services provided by Early Head Start programs substantially improves the lives of children and families living in poverty. Investing in Early Head Start pays long term dividends with regard to healthy, ready-to-learn children who will grow to become educated and productive citizens.
Total Cuts	(12,440,057)	(13,841,850)	

Appropriations Committee
 Date 3-12-10
 Attachment 4

FY 2011 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
3% waiver rate reduction	\$ (4,553,564)	\$ (13,021,343)	0.0	\$ 0	\$ 0	0.0
FMAP reduction	0	0	0.0	0	(8,584,516)	0.0
Eliminate DD grants	(4,625,000)	(4,625,000)	0.0	(1,300,000)	(1,300,000)	0.0
Reduce CIL grants	(1,071,956)	(1,071,956)	0.0	(1,071,956)	(1,071,956)	0.0
Reduce MH grants	(7,222,253)	(7,222,253)	0.0	(3,983,347)	(3,983,347)	0.0
Reduce Family Centered System of Care	0	(2,500,000)	0.0	0	0	0.0
Reduce Substance Abuse Grants	(275,000)	(275,000)	0.0	(275,000)	(275,000)	0.0
Reduce Family Preservation	(275,000)	(290,238)	0.0	(275,000)	(290,238)	0.0
Limit GA Assistance to 12 months	(381,122)	(592,696)	0.0	(381,122)	(592,696)	0.0
Limit MediKan Assistance to 12 months	(820,587)	(820,587)	0.0	(820,587)	(820,587)	0.0
Children's Cabinet 5% State Fund Reduction	(480)	(1,010,593)	0.0	0	0	0.0
TOTAL	\$ (19,224,962)	\$ (31,429,666)	0.0	\$ (8,107,012)	\$ (16,918,340)	0.0

FY 2011 Reduced Resources

3.0 percent Waiver Rate Reduction. The Department proposes reducing the reimbursement rates for home and community based service providers by 3.0 percent. This reduction would result in a savings of \$13.0 million, including \$4.6 million from the State General Fund.

The **Governor** does not recommend this reduction.

Eliminate CDDO State Aid Grants. The Department proposes eliminating state grants to Community Developmental Disability Organizations (CDDO), resulting in a reduction of \$4.6 million, all from the State General Fund. These grant funds support persons with developmental disabilities who are not eligible for HCBS/DD waiver services or who do not need the level of services provided by the waiver.

The **Governor** recommends a reduction of \$1.3 million, all from the State General Fund for state aid grants to CDDOs.

Reduce CIL Grants. The Department proposes reducing grants to the Centers for Independent Living by \$1.1 million, all from the State General Fund. This reduction would reduce total funding to \$1.0 million, including \$572,812 from the State General Fund. Centers work to advocate for consumers, teach basic living skills and work with consumers on employment goals.

The **Governor** recommends the reduction totaling \$1.1 million, all from the State General Fund.

Donohoe Amendment

I move to amend the Department of Social and Rehabilitation Services to insert the following:

Review at Omnibus the addition of \$1.1 million, all from the State General Fund, in FY 2011 to restore the Governor's reduction to the Centers for Independent Living. The Centers for Independent Living receive grants to provide information, training in independent living skills, peer counseling, and deinstitutionalization supports.

Information provided indicates that if the funding is not restored, an estimated 9,276 consumers will lose services in FY 2011.